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Taxi Regulatory Revision in Oakland and Berkeley, California: Two Case Studies

**Final Report
June 1983**

**UMTA/TSC Project Evaluation Series
Service and Management Demonstration Program**

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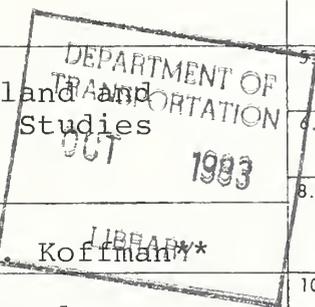
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16. Abstract A case study was performed of regulatory changes pertaining to taxicabs in Oakland and neighboring Berkeley, CA. In Oakland rates were approximately doubled and limits on the number of taxi permits removed. Companies were allowed to levy a per-trip surcharge keyed to the price of gasoline. In Berkeley, rates were decontrolled and the number of taxi companies was allowed to increase. The changes were brought on by a crisis in the taxi industry in both cities. The result was an increase in the supply of taxicabs. After a difficult period of adjustment, the financial state of the remaining suppliers appears at least as good as before and possibly improved. The quality of service to the public has probably improved slightly. The gasoline surcharge allowed rates to rise and fall without City Council action, but has been a source of confusion. Oakland's administrative workload has increased slightly, due to constant turnover in permit holders.					
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PREFACE

This case study report was prepared at the request of the Transportation Systems Center (TSC) and the Office of Service and Management Demonstration (SMD) of the Urban Mass Transportation Administration, under contract DOT-TSC-1755 between TSC and Crain & Associates, Inc. (C&A). A draft report was completed by Robert L. Knight and David F. May of SAGE Management Consultants, a subcontractor to C&A, in April 1981. In July 1982, the report was revised and updated by David Koffman of C&A. The study reports on the effects of taxi regulatory changes in Oakland and Berkeley, CA, as part of a continuing series of reports on such changes. The TSC project manager was Carla Heaton. The project manager for UMTA was Larry A. Bruno.

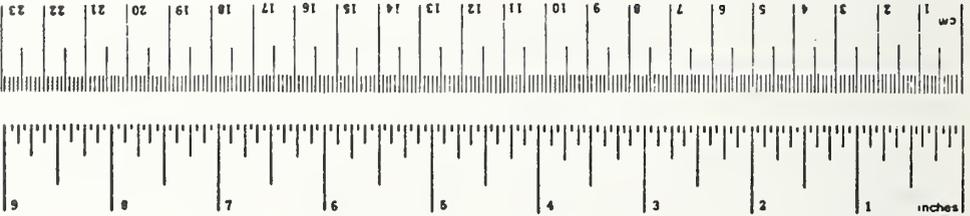
Individuals in Oakland who helped by providing information and opinions include: Officer Dennis Brown, Oakland Police Department; George Dini, Assistant City Manager; Warren Taylor, Administrator of Paratransit; Billy Wilkes, Bay Area Cab Company; Alex Gullatt, Associated Cab Company; Jack Padbury, Yellow Cab Company; Mr. M. Willis, Red Spot Cab Company; Helene Springer of City and Springer Cab Companies; and Byron Senegal, Reliable Taxi Company.

In Berkeley, the following individuals helped: Sylvia Toth, Manager of Transportation Programs; Anne Gorden Williams, former Manager of Transportation Programs; Morgan Spicer, Spicer Taxi.

METRIC CONVERSION FACTORS

Approximate Conversions to Metric Measures

Symbol	What You Know	Multiply by	To Find	Symbol
LENGTH				
in	inches	2.5	centimeters	cm
ft	feet	30	centimeters	cm
yd	yards	0.9	meters	m
mi	miles	1.6	kilometers	km
AREA				
in ²	square inches	6.5	square centimeters	cm ²
ft ²	square feet	0.09	square meters	m ²
yd ²	square yards	0.8	square meters	m ²
mi ²	square miles	2.6	square kilometers	km ²
	acres	0.4	hectares	ha
MASS (weight)				
oz	ounces	28	grams	g
lb	pounds	0.45	kilograms	kg
	short tons (2000 lb)	0.9	tonnes	t
VOLUME				
teaspoon	teaspoons	5	milliliters	ml
tablespoon	tablespoons	15	milliliters	ml
fl oz	fluid ounces	30	milliliters	ml
c	cups	0.24	liters	l
pt	pints	0.47	liters	l
qt	quarts	0.95	liters	l
gal	gallons	3.8	liters	l
cu ft	cubic feet	0.03	cubic meters	m ³
cu yd	cubic yards	0.76	cubic meters	m ³
TEMPERATURE (exact)				
°F	Fahrenheit temperature	5/9 (after subtracting 32)	Celsius temperature	°C



Approximate Conversions from Metric Measures

Symbol	What You Know	Multiply by	To Find	Symbol
LENGTH				
mm	millimeters	0.04	inches	in
cm	centimeters	0.4	inches	in
m	meters	3.3	feet	ft
m	meters	1.1	yards	yd
km	kilometers	0.6	miles	mi
AREA				
cm ²	square centimeters	0.16	square inches	in ²
m ²	square meters	1.2	square yards	yd ²
km ²	square kilometers	0.4	square miles	mi ²
ha	hectares (10,000 m ²)	2.5	acres	acres
MASS (weight)				
g	grams	0.035	ounces	oz
kg	kilograms	2.2	pounds	lb
t	tonnes (1000 kg)	1.1	short tons	
VOLUME				
ml	milliliters	0.03	fluid ounces	fl oz
l	liters	2.1	pints	pt
l	liters	1.06	quarts	qt
l	liters	0.26	gallons	gal
m ³	cubic meters	35	cubic feet	ft ³
m ³	cubic meters	1.3	cubic yards	yd ³
TEMPERATURE (exact)				
°C	Celsius temperature	9/5 (then add 32)	Fahrenheit temperature	°F



CONTENTS

<u>Section</u>	<u>Page</u>
1. INTRODUCTION	1
1.1 Introduction.	1
1.2 Purpose and Scope	1
1.3 Organization of This Report	2
2. BACKGROUND ON THE CITIES AND TAXI INDUSTRY	3
2.1 The Oakland-Berkeley Setting.	3
2.1.1 Physical Characteristics	3
2.1.2 Population Characteristics	3
2.1.3 Economics.	5
2.1.4 Public Transportation Services	6
2.2 Taxi Industry Characteristics	6
2.2.1 Industry Size and Structure.	6
2.2.2 Rates and Pricing Practices.	8
2.2.3 Taxi Operating Procedures.	10
2.2.4 Level of Service	11
2.2.5 Demand Characteristics	12
2.2.6 Operator Productivity and Economics.	12
2.2.7 Attitudes and Awareness.	12
3. THE OAKLAND CASE STUDY	15
3.1 Taxi Regulation	15
3.1.1 History of Regulation.	15
3.1.2 Regulatory Authorities and Responsibilities	15
3.1.3 The Former Regulatory Code	16
3.1.4 Administrative Procedures.	17
3.1.5 Forces Leading to Change	18
3.2 The Regulatory Changes.	19
3.2.1 Chronology of the Changes.	19
3.2.2 The Specific Changes	20
3.2.3 Implementation	21
3.3 Effects of the Regulatory Changes	22
3.3.1 Taxi Industry Size and Structure	22
3.3.2 Rates and Pricing Practices.	24
3.3.3 Taxi Operating Practices	25
3.3.4 Level of Service	26
3.3.5 Demand Characteristics	32
3.3.6 Operator Productivity and Economics.	34
3.3.7 Cost of Taxi Industry Regulation	36
3.3.8 Attitudes and Awareness.	37

CONTENTS (Cont'd)

<u>Section</u>		<u>Page</u>
4.	THE BERKELEY CASE STUDY	39
4.1	Taxi Regulation.	39
4.1.1	History of Regulation	39
4.1.2	Regulatory Authorities and Responsibilities	39
4.1.3	The Former Regulatory Code.	39
4.1.4	Administrative Procedures	40
4.1.5	Forces Leading to Change.	40
4.2	The Regulatory Changes	41
4.2.1	Chronology of the Changes	41
4.2.2	The Specific Changes.	41
4.2.3	Implementation.	44
4.3	Effects of the Regulatory Changes.	45
4.3.1	Taxi Industry Size and Structure.	45
4.3.2	Fares and Pricing Practices	45
4.3.3	Taxi Operating Practices.	46
4.3.4	Level of Service.	47
4.3.5	Demand Characteristics.	48
4.3.6	Operator Productivity and Economics	48
4.3.7	Cost of Taxi Industry Regulation.	48
4.3.8	Attitudes and Awareness	48
5.	CONCLUSIONS AND TRANSFERABILITY	49
5.1	Overall Effects.	49
5.2	Making the Change.	50
5.2.1	Enactment	50
5.2.2	Implementation.	51
5.3	Taxi Service Supply and Quality.	51
5.4	Innovative Services.	51
5.5	Taxi Users	52
5.6	Taxi Operators	53
5.6.1	Financial Effects	53
5.6.2	Industry Structure.	53
5.6.3	Productivity.	54
5.7	Administration	54
5.8	The Gasoline Surcharge	55
5.9	Political Implications	56
<u>Appendix</u>		
A	OAKLAND TAXICAB ORDINANCE	A-1
B	BERKELEY TAXICAB ORDINANCE.	B-1
C	REPORT OF NEW TECHNOLOGY.	C-1

ILLUSTRATIONS

<u>Figure</u>		<u>Page</u>
2-1	OAKLAND AND THE SAN FRANCISCO BAY AREA	4
3-1	OAKLAND TAXI RATE CHANGES SINCE 1938 (1 MILE TRIP) . .	16
3-2	TAXI PERMIT APPLICATIONS AND ISSUES BY MONTH	27
3-3	ESTIMATED TAXI PERMITS ACTIVE BY MONTH	30
3-4	ESTIMATED GENERAL RIDERSHIP TRENDS	33

TABLES

<u>Table</u>		
2-1	OAKLAND TAXI PERMITS BY FIRM, NOVEMBER 1979.	7
2-2	BERKELEY TAXI PERMITS BY FIRM, DECEMBER 1979	8
3-1	CHRONOLOGY OF THE REGULATORY CHANGE PROCESS IN OAKLAND	19
3-2	OAKLAND TAXI RATES BEFORE AND AFTER SEPTEMBER 25, 1979	20
3-3	OAKLAND ACTIVE TAXI PERMITS BY FIRM, JULY 1982	23
3-4	TAXI PERMIT APPLICATIONS BY MONTH AND SOURCE	28
4-1	CHRONOLOGY OF THE BERKELEY REGULATORY CHANGE	42
4-2	BERKELEY TAXI RATES--BEFORE AND AFTER JUNE 12, 1980. .	42
4-3	BERKELEY TAXI PERMITS BY FIRM, JULY 1982	45

EXECUTIVE SUMMARY

INTRODUCTION

In its role as evaluator of Service and Management Demonstration (SMD) projects for the Urban Mass Transportation Administration (UMTA), the Transportation Systems Center (TSC) has conducted a series of investigations into changes in taxicab regulations and services. This report is a case study of taxi regulatory changes undertaken by Oakland and Berkeley, California in late 1979 and early 1980.

THE REGULATORY CHANGES

Following a large drop in taxi service due to the failure of the largest taxi operator, the City of Oakland quickly authorized a roughly 50% rate increase in September 1979. This was followed shortly by a further ordinance change which removed all the former restrictions on the number of taxicabs and specific operators permitted to serve the Oakland public. The net effect of these changes was to convert an oligopolistic industry to an essentially open one under controlled prices intended to be high enough to encourage the entry of new suppliers.

A further provision of the regulatory change authorized a surcharge on each trip to cover future increases in the operators' costs of service. This surcharge consisted of 5¢ increments authorized for each 5¢ increase in the cost of gasoline after the ordinance change.

No innovations in service were involved. Oakland continued its longstanding practice of exclusive-ride service only, on a metered basis.

In Berkeley, which adjoins Oakland and shares much of the same taxi service, the same loss of service by the largest taxi operator led to a major staff effort to revise the taxi ordinance as well as permit higher rates. This effort, which took much of a year, resulted in the ending of all limitations on fares (effective June 1980) and also the removal of all restrictions on the number of taxicab companies serving the city (effective October 1980).

The Berkeley ordinance revision also specifically authorized shared ride and "fixed-route" (i.e., jitney) services, in addition to the former authorized metered exclusive-ride service. Offering of such services, however, was to be strictly voluntary, and no incentives or coercive measures were involved.

OVERALL EFFECTS

The regulatory changes in Oakland led first to a very large number of applications for new taxi permits--about 2½ times the number of cabs then in service--within a few months. Most of these never materialized into an actual taxicab, but still the number of cabs formally accepted into service grew from some 220 (including the failed supplier, Yellow Cab) to about 280 in the first year, and to over 300 after two and a half years. Excluding those originally held by Yellow, the first-year increase was from about 140 to 280--a doubling of the supply. In Berkeley, only a small increase in permits--from 75 to 87--occurred in the first year, and there was no significant change in the following year.

The Oakland package of a large rate increase and removal of entry restrictions appears to have had the desired effect: it led to a major increase in the supply of taxi service, it achieved public acceptance, and it reduced the involvement of elected bodies in the rate setting and permit granting process. The result is seen by some observers as an oversupply, causing financial hardship and cutthroat competition with little benefit to the public. However, most discount the hardships and feel some benefits to the public have been realized, notably in the quality of vehicles in use.

In Berkeley's subsequent regulatory change the most important results arose from the strong interaction between the taxi markets of the two cities. During the interim period between their respective rate and regulatory changes, much of Berkeley's usual taxi service shifted to Oakland and elsewhere because of the large differences in allowable rates. After Berkeley's ordinance revisions, rates merely rose to the new Oakland levels. And finally, no operators have shown any interest in providing the new types of service which were authorized by Berkeley, so the overall result is essentially an extension of the Oakland outcome.

SPECIFIC EFFECTS

Enactment. In Oakland, by viewing it as a problem-solving effort rather than a comprehensive reform, the City Council was able to move extremely quickly to develop and enact the program. In Berkeley, quite the opposite occurred; the broad scope of changes

which were considered resulted in a lengthy process with some hardship to the taxi-dependent public.

Implementation. Because of the simplicity of the changes in both cities, they were put into effect very quickly with a minimum of cost and procedural problems.

Taxi Service Supply. Although a very large number of applications were received for new Oakland taxi permits, actual placement of cabs into service proceeded slowly at first. However, the number of cabs continued to grow and within several months had far exceeded historical levels. Some of the additional fleet consisted of newer vehicles. Competition, and a change to the taxi ordinance making appearance a factor in police vehicle inspections, have led to better vehicle maintenance and appearance care in the case of many, though not all, taxi operations.

In Berkeley, a smaller effective service increase occurred. Since the major Oakland companies all serve Berkeley as well, the quality of vehicles serving Berkeley has probably improved somewhat.

Quality of Service. Aside from the improvement in vehicle care just noted, no other changes in service quality can be asserted with any confidence. Most observers believe user wait times are unchanged. Many observers believe drivers are less courteous than before, due to decreased company control over drivers, which in turn follows from an increase in leasing. However, at least one very knowledgeable observer, who administers the Oakland taxi scrip program for the elderly and handicapped, believes that the elderly and handicapped receive better, more courteous service than before.

Taxi Users. Although large, the 50% rate increase does not appear to have led to substantial public opposition or ridership loss in either city. No other findings were made with the limited user information available.

Financial Effects on Operators. At first, the rate increase appears to have improved the profitability of taxi operators despite the greater competition arising from the open-entry policy. Ultimately, however, the increased supply of taxis in Oakland seems to have caused some operators to go out of business or reduce operations. But other operators have taken up the slack. When interviewed almost three years following open entry, most observers felt that the taxi business was about as profitable as it had been before open entry. Competition has increased, however, especially in Oakland, and there is no doubt that some smaller operators, and many drivers, are making less money than they used to.

Industry Structure. The entry deregulation led to increased dominance of the market by large taxi firms. Most drivers were employees before open entry; now most lease cabs and dispatching service or are owner-operators.

Productivity. Productivity of taxi operations, as indicated by measures such as passenger miles or trips per cab, shift, or unit of operating cost, may have declined slightly.

Administration. Neither city's program substantially increased or decreased municipal administrative costs. In Oakland, the police taxi detail has somewhat more work, due to the continuing number of permit applications and the increased number of vehicles to inspect. The increased number of applications is bringing in some additional revenue to the City.

The Gasoline Surcharge. The Oakland surcharge at first appeared to be easily administered, politically convenient, and effective as an adaptation to a period of rapidly increasing costs which otherwise would have required frequent changes in the taxi ordinance's authorized rates. Eventually, the system for administering the surcharge, which initially relied heavily on the taxi operators, had to be changed, so that it is now centrally administered by the police department. Three years following the creation of the surcharge, most operators interviewed regarded the surcharge as confusing, a source of conflict with passengers, and a bad idea. This change of heart is no doubt at least partly attributable to the leveling off, and then decline, of gasoline prices, and hence of the surcharge as well, since 1980. The net result was that taxi rates increased by a maximum of \$.35 per trip, and then dropped back down, without any action by the City Council.

Political Implications. The regulatory changes appear to have been politically advantageous to both City Councils, by reducing the need for their future involvement in potentially unpopular issues such as rate increases and allocations of permits among competing taxi operators.

Further details on these conclusions and comments on their transferability to other cities are presented in Chapter 5 at the end of this report. More detailed descriptions of the Oakland-Berkeley setting and the local taxi industry are found in Chapter 2. Chapters 3 and 4 provide detailed findings in support of the study's conclusions regarding Oakland and Berkeley respectively.

1. INTRODUCTION

1.1 INTRODUCTION

As in several other historically regulated industries such as interstate trucking and air transportation, substantial interest in reduction of regulatory control has developed in the taxicab industry during the past few years. Several cities have already made significant changes in their taxi regulations, and administrators in many other cities have expressed their need for information on the results of these early experiments. In addition, the Urban Mass Transportation Administration (UMTA) has long supported efforts to maintain and increase the vitality of the taxicab industry as an important part of the urban public transportation system. These local initiatives at taxi regulatory reform have thus been of great interest to public transportation officials.

In response to the need for comprehensive and objective information on this subject, UMTA's Office of Service and Management Demonstration sponsored a series of studies of the innovative taxi regulatory reform efforts of several cities. This is one of those studies.

1.2 PURPOSE AND SCOPE

This report is a documentation and evaluation of two taxi regulatory reforms enacted by the Oakland and Berkeley, California city councils in the fall of 1979. Both reforms included both a major increase in authorized fares and a complete removal of the former controls on the numbers of taxi service suppliers and taxicab permits.

The study of these reforms was based on direct observation, interviews with many taxi operators and City officials, and review of already-available data. No special surveys or other new data collection efforts were conducted. Consequently definitive results on some aspects are not possible. However, all the most important results of the reforms appear to be adequately covered by the information which was available. In particular, effects on overall taxi supply and the general response of the public are reliably determined.

1.3 ORGANIZATION OF THIS REPORT

Because of the proximity and many taxi-related similarities between Oakland and Berkeley, this report integrates the two studies as much as possible. This both minimizes redundancy and permits greater attention to the interactions between the two situations. Following this introduction, Chapter 2 provides a single unified description of the Oakland-Berkeley setting and background on the taxi industry there before the 1979-80 regulatory changes. Chapter 3 presents an evaluation of the Oakland regulatory change, including a description of the old process, the changes, and the apparent results. Chapter 4 is a parallel evaluation of the 1980 Berkeley taxi regulatory revision. Finally, Chapter 5 offers conclusions of both experiences and provides indications of their likely applicability in other cities where similar regulatory changes might be made in the future.

The actual texts of the new taxi ordinances, including the 1979-80 changes, are presented in two appendices at the end of the volume.

2. BACKGROUND ON THE CITIES AND TAXI INDUSTRY

2.1 THE OAKLAND-BERKELEY SETTING

2.1.1 Physical Characteristics

Oakland is an aging central city situated just across the bay directly east of San Francisco (see Figure 2.1). Geographically, Oakland is actually more central to the Bay Area population than is San Francisco. It is the focus and largest member of the East Bay chain of cities stretching generally northwest-southeast along the narrow corridor defined by the bay and the parallel spine of the Berkeley Hills range. Berkeley adjoins Oakland to the north; Hayward is its southern neighbor. All are fully built up, as are other adjoining communities further to the north and southeast. Travel in other directions is limited by the Bay on one side and the chain of large parks and protected watersheds in the hills to the other side.

Most of Oakland and Berkeley is on the bay front alluvial plain, basically flat although sloping slightly down to the water. Most streets are on a grid pattern, although those on the hilly eastern side of both cities are highly irregular. The East Bay freeway system serving both cities is generally well developed, with convenient high-speed facilities in most directions. There are no new highway facilities anticipated beyond current construction.

Small-lot older single family dwellings and walk-up apartment buildings dominate the housing stock. New housing construction has been minimal for years, and is limited largely to in-filling of vacant lots with more single homes, townhouses, and small apartment buildings. Virtually all development in the past 30 years has been in the high hill areas which formerly had been considered too inaccessible and steep for construction. Even these areas are now virtually fully developed, and new housing is now very limited due to the lack of available land.

2.1.2 Population Characteristics

Oakland's population is approximately 339,000 persons. As with San Francisco as well as many other central cities elsewhere, it has been losing population since the 1950s. During this same period Oakland's minority-group population has been growing steadily in both proportion and absolute numbers. From 14% in 1950, the city's

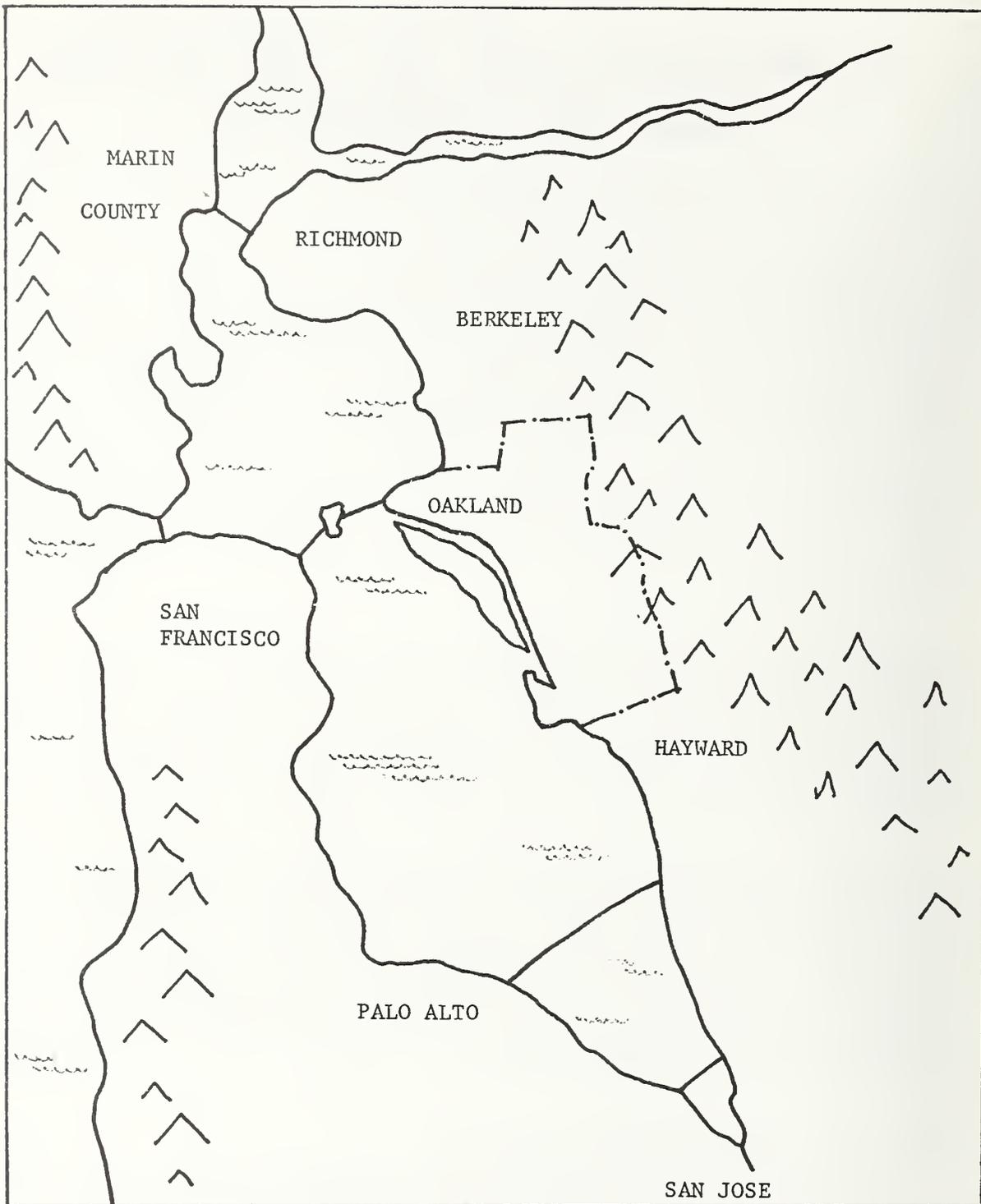


FIGURE 2-1. OAKLAND AND THE SAN FRANCISCO BAY AREA

black, Hispanic, Asian and Indian minorities have expanded to 54% of the total population in the 1977 special census. The Berkeley population in 1980 was about 103,000 persons. This represents a 9% drop in the last decade. As with Oakland, Berkeley's ethnic and racial minority-group population has been growing. Such minorities, however, continue to be a smaller proportion of the total than in Oakland. Most of this minority population is concentrated in the southwest portions of the city, adjoining similar minority areas of Oakland.

2.1.3 Economics

In Oakland, average family income is low by both regional and national standards. Oakland qualifies for special Federal economic assistance with its UDAG (Urban Development Action Grants) needs index score of 6 on a scale of 7. Berkeley's average family income is moderate but as in Oakland, the distribution of income is very broad. In both cities, income generally follows the topography: relatively lower incomes in the flat areas nearest the Bay and relatively affluent households in the hills. Oakland in particular has large low-income areas.

Oakland's industrial base is diverse but weak. Most economic activity is concentrated in the industrial areas along the bay, served by the port as well as rail and freeway access. Oakland's port is one of the largest and most active on the West Coast, and the center of Bay Area shipping activities. It is the city's largest employer.

Most other industrial operations are older light manufacturing or shipping-related concerns, with few major new or expanded operations. Some new office development is occurring downtown, and some additional downtown growth is expected as San Francisco office rents and access costs continue to rise. However, the city's industrial districts are largely old and include many vacant and obsolete facilities.

Berkeley is much smaller and less important than Oakland as an employment center. Its largest employer by far is the University of California, with 29,000 students and 10,000 faculty and staff. The city's light industrial districts near the Bay are also significant in employment, but declining.

Retail employment is substantial and apparently growing, although Oakland has no major shopping centers and the downtown shopping district is aging. Substantial growth in downtown office development after completion of the Bay Area Rapid Transit (BART) system was anticipated by some, but has not occurred. Most growth appears to be in several neighborhood shopping districts near the hills, providing an expanding array of small shops and services catering to both students and the more affluent east-side households.

2.1.4 Public Transportation Services

Most areas of both cities are fairly well served by public transit, provided mainly by AC Transit's fleet of over 800 fixed-route buses. Downtown Oakland is the hub of AC's route system, which serves both local travel and longer trips to neighboring cities such as Hayward, Berkeley and San Francisco. Downtown Berkeley is a lesser focal point for transit routes.

The Bay Area Rapid Transit (BART) rail system is also centered on Oakland. The city has eight stations on four lines radiating outward from the CBD. Berkeley includes an additional three stations on one line, permitting convenient travel between the downtown centers of the two cities. BART provides frequent service both for some longer trips within Oakland and also to selected destinations more than 20 miles outside the two cities. BART is fully-accessible to physically disabled persons; AC has a limited number of lift-equipped buses on selected routes.

2.2 TAXI INDUSTRY CHARACTERISTICS

2.2.1 Industry Size and Structure

Prior to the 1979 regulatory changes in Oakland some 25 taxi operators were registered with that city. These ranged from single-cab operations to large firms with up to 80 taxi permits. Together these operators held about 220 taxi permits. About half of these permits were held by two large firms, while the majority of owners had only one or two permits. Table 2-1 provides a listing of the permit distribution by firm.

Drivers were either employees, lessees, or owners. Just one-half of the permitted cabs (around 120) were driven by employees. Another ten permitted cabs were leased, and the rest (around 90) were owner-operated. The largest firm and three others of medium size (around 10 permits each) used an employer-employee organization. Driver income was generally based on the owner and driver splitting daily revenues and operating costs according to some formula, although a few drivers received hourly wages.

Lease arrangements involve the driver paying a fixed daily gate fee to the owner. Only two firms had this structure. A fair number of firms whose basic structure is "owner-operator" have informal cost-sharing, lease, or split-revenue arrangements. Of the 90 permits held by these firms, around 35 represent cabs driven generally by friends or family members of the permit holder.

Many small operators formed dispatch associations in 1975 when a city regulation change required radios in all cabs. Some medium-

TABLE 2-1. OAKLAND TAXI PERMITS BY FIRM, NOVEMBER 1979

<u>Company/Association</u>	<u>No. of Owners</u>	<u>No. of Permits</u>
Yellow	1	80
Associated	39	59
Reliable	2	15
Arrow	1	12
Coliseum	1	8
Luxury	2	8
Checker	1	6
Red Spot	1	6
City	1	4
Springer	1	2
Zina	3	5
Lyons	1	4
Blue & White	1	2
Campbell	1	2
A & M	1	1
Ace	1	1
Black & White	1	1
Courtesy	1	1
East Bay	1	1
Grand Lake	1	1
J	1	1
Miracle	1	1
Red & White	1	1
Tahoe	1	1
Tim's	<u>1</u>	<u>1</u>
Total	67	224

size firms banded together with full dispatch operations to compete with larger firms for the visitor or yellow pages-originated business. But many small companies, especially if their business was based on "personals" or in specific neighborhoods, installed minimum radio equipment and continued to operate mainly via telephone.

In Berkeley, prior to the 1980 regulatory changes, a total of some 75 taxi permits were in force. Nine firms were represented, with authorizations ranging from two to twenty-five cabs. Two-thirds of all permits were held by two of the firms, and 67 of the total of 75 were held by firms with principal operations in Oakland. These are not additional cabs beyond those licensed in Oakland (or elsewhere) by the same firms, but rather cabs holding permits for both cities. Table 2-2 provides a listing of permits by firm.

Most of the firms operating in Berkeley employed drivers on a split-revenue basis. However, the smallest firms as well as one of the

TABLE 2-2. BERKELEY TAXI PERMITS BY FIRM, DECEMBER 1979

<u>Company/Association</u>	<u>No. of Permits</u>
Yellow Cab Company*	25
Associated Cab Company*	25
Arrow Cab Company*	10
Checker Cab Company	4
Reliable Taxicab Company*	3
Blue & White Cab Company*	2
Kwik Cab Company	2
Taxi Unlimited	2
Zina Cab Company*	<u>2</u>
Total	75

*Oakland firms

largest (Associated) were owner-operator organizations. Berkeley's ordinance specifically prohibited lease arrangements. Most were radio-dispatched although, in contrast to Oakland, this capability was not required by the City.

2.2.2 Rates and Pricing Practices

In Oakland, from April 1976 until the rate change of September 1979, Oakland taxi rates were set at 80¢ at flag drop plus the first 1/9 mile and 20¢ for each additional 2/9 mile. Waiting time was priced at 80¢ for the first 2/3 minute and 20 cents per 1-1/3 minute thereafter. Trips beyond 20 miles outside the city were surcharged an additional 50% of the meter reading to compensate for the empty return trip. Figure 3-1 (Section 3.1.1) graphically displays this fare in comparison with others for the preceding 40 years.

All operators in Oakland charged the same rates, as required by ordinance. City Council action was required to change the rates.

The city has also operated a taxi fare subsidy program for the last three years funded by the California Transportation Development Act (TDA 4.5). This program, which is still in effect, permits elderly and handicapped persons to purchase up to \$40 worth of vouchers every three months, at 20% of face value. The vouchers are good for one year and are redeemable in taxi rides by all Oakland operators, who then turn them in for cash at 90% of face value. This in effect then is an 80% subsidy for these groups, principally funded by State money but with a contribution by the taxi operator as well.

This has been an extremely popular program since its start in 1978. Funding rose steadily with demand, from \$80,000 in the first year to \$300,000 in fiscal year 1979 and then \$500,000 in 1980. For fiscal year 1981, the budget was cut to \$315,000, apparently due to general fiscal austerity.

In Berkeley, from 1975 until the rate change in mid-1980, authorized taxi rates were 80¢ at flag drop and 20¢ for each 2/9 mile traveled. Although this was essentially the same as the Oakland rate (prior to that city's September 1979 increase), the Berkeley ordinance defined it as a maximum rather than a fixed rate. Despite this freedom to charge less, in fact all taxi operators charged the maximum rates.

After the Oakland rate increase in 1979, it was widely reported that most taxi operators were applying the new rates in Berkeley as well as Oakland. If true, this reflects the dominance of the Berkeley taxi supply by Oakland firms. The City took no action against this practice, partly due to lack of personnel for enforcement and also to preserve the limited supply of taxi service which otherwise could have easily shifted to the Oakland market.

As in Oakland, Berkeley has operated a taxi fare subsidy program since 1978. Operation is the same as Oakland's; eligible elderly and low-income handicapped citizens may buy scrip books for between \$4 and \$12 (depending on income) entitling them to \$20 in regular metered taxi fares. The scrip is honored by all taxi operators, who redeem it for cash at 90% of face value. The City of Oakland handles this redemption process for Berkeley as well as for its own program. Berkeley has permitted larger purchases (1-2 books per month) than Oakland (2 books per quarter), although high demand and insufficient funding may force a reduction soon. The Berkeley program was funded at about \$100,000 in FY 1980-81.

The significance of the subsidy program in relation to total taxi use in Berkeley can be estimated although taxi use statistics were not available. In 1980, some 6400 scrip books were sold, representing about \$128,000 in full-fare taxi use. During the same period, 75 cabs operating 7 days per week at a minimum income roughly estimated at no less than \$50 per day would collect about \$1.4 million, or more than ten times the subsidized amount. Thus it would appear that the subsidy is of only marginal importance to taxi operators. However, in fact it is probably much more important than suggested by these figures, since many of the Berkeley-licensed cabs are actually concentrated on the racetrack business (at Golden Gate Fields, a major facility adjoining Berkeley in the town of Albany). Cabs actually serving the typical subsidized trips of elderly and handicapped persons may be as few as half the total, making the subsidy program a substantial contributor to their business.

Although similar statistics were not obtained for Oakland, the program is widely seen by taxi firms there as a crucial element in their economic survival.

2.2.3 Taxi Operating Procedures

The bulk of taxi rides in both cities originate by telephone calls to centrally-dispatched cab companies. For those companies, 90 to 95% of their business has been from phone requests.

A relatively constant proportion of total rides is provided by small companies serving local areas for limited times. Although all cabs are required to be radio dispatched, some small (one and two cab) companies effectively operate via home telephone and serve neighborhood medical clinic, bar, or grocery store clientele cultivated over many years of operation.

Neither Oakland nor Berkeley is a "cruising" town for taxis, in contrast to San Francisco and some other major cities. Cabs usually try to wait at stands near transportation terminals for a hail or call from the dispatcher. In Oakland, the Greyhound Bus Depot and Bay Area Rapid Transit stations are the better stands. Because of the dominance of the nearby San Francisco International Airport, Oakland Airport is not quite busy enough to make its taxi queue as choice a stand as in most major cities.

Taxi organizations with full dispatch service take basically two approaches: (1) requests for specific cabbies are allowed and informal arrangements are made between dispatchers and drivers for fair distribution of ride requests, and (2) "no personals" and the fare goes to the nearest cab. The two historically largest firms each took a different approach, and the Oakland/Berkeley industry in general has been evenly split.

The presence of a large elderly and handicapped population, coupled with a substantial fare subsidy program targeted to these groups, has resulted in their comprising an even larger proportion of total taxi ridership. These rides represent a special service, because the drivers must tolerate relatively short trips, voucher forms, and riders often requiring more assistance and paying lower tips. Also, some companies require drivers to absorb the 10% reduction from full fare reimbursed by the city. Some companies also wait until the city reimburses them for vouchers before paying their drivers.

Package delivery service is provided by some companies; others ignore it completely. Most package delivery service is via contract to large-volume regular customers. Companies involved did not wish to discuss either the extent of their contracts or the number of package trips relative to person trips.

2.2.4 Level of Service

As noted earlier, about 220 taxi permits were in force in Oakland at the time of the 1979 regulatory changes. Not all of these represented cabs in daily use. Eighty were held by the then-defunct Yellow Cab Company and were not in use at all; other operators probably fielded an average no higher than about 75% on a typical weekday, according to city staff estimates. The remaining permits were assigned to cabs under repair, idle for lack of a driver, or wrecked and not yet replaced. Consequently at the inauguration of the revised regulation the actual active taxi fleet in Oakland may have been as low as only about 100 cabs. In addition, some (unknown) proportion of the cabs provided service only on a weekend or part-time basis; and others were also licensed in Berkeley and elsewhere and were in operation in those cities at least part time. Thus clearly the level of Oakland taxi service was low. Even before Yellow Cab halted its operations--about a month before the 1979 fare increase--the citywide service level was poor, with probably only about one cab in service per 3000 to 4000 residents.

An even more extreme situation prevailed in Berkeley just prior to that city's 1980 regulatory changes. Although 75 taxi permits were in force, the actual number of cabs in regular service was much smaller. This is primarily due to the high degree of dual licensing; virtually all Berkeley-licensed cabs are also licensed in Oakland or other neighboring cities, and are shifted from one city to another depending on relative profitability. Since during the interim between Oakland's September 1979 fare increase and that of Berkeley in June 1980 there was a very large difference in allowable fares, many cabs normally operating in Berkeley moved into the Oakland market. In addition, a substantial proportion of Berkeley-licensed cabs spend most of their time serving the racetrack.

A variety of other factors also contributed to reduced operations. Although the once-defunct Yellow Cab Company had reappeared a few months before the Berkeley fare increase, that firm was able to operate only a fraction of its former fleet. Miscellaneous mechanical, labor and financial problems kept other operators from fielding all their permitted cabs. Thus apparently taxi service within Berkeley was limited to only a handful of cabs by the time of the mid-1980 fare increase there. This implies a ratio of only about one cab per 5,000 to 10,000 residents.

Berkeley responded to Yellow's withdrawal from service in 1979 by authorizing all other already-operating taxi firms to double their permits on a temporary emergency basis. However, interviews and available records indicate that no new cab permits were actually requested or obtained as a result. This is generally attributed to the marginal financial condition of the operators and the low fares then authorized.

2.2.5 Demand Characteristics

It is generally agreed that the overall demand for taxi service in both cities was stable or declining gradually at the time of the regulatory changes. The great majority of these trips, according to operators and city officials, were by residents dependent on taxis and transit. Oakland has virtually no business or tourist-related taxi use, and that in Berkeley is limited to a few hotels and the racetrack in neighboring Albany.

Although no statistical data were available, all those interviewed characterized the market as predominantly older and low-income persons making short trips for medical, shopping and to a lesser extent social and home-to-work purposes. Most of this demand has in recent years been concentrated in weekday daytime hours, although a substantial late and weekend trade has also been evident.

2.2.6 Operator Productivity and Economics

No quantitative estimates of productivity were possible, but circumstances as described in earlier sections suggest that the volume of business per cab has been low in terms of most indicators such as trips or revenue per shift. In addition, the overall economic situation among operators seems clearly to have been poor prior to the regulatory changes. Cabs were often old and in marginal condition both mechanically and aesthetically. Operators had made frequent requests for fare increases, based on an inability to cover operating costs even without desired levels of cab maintenance or replacement. And shortly before the fare increase eventually granted, Yellow Cab--the largest operator--ceased operations altogether due to financial difficulties.

2.2.7 Attitudes and Awareness

Just prior to the 1979 changes, the Oakland taxi industry apparently operated in an environment of general disinterest and with little visibility. Taxi service was not a major political or media issue, and received little press coverage or attention by elected officials. These officials had little incentive to look favorably on fare increase requests so long as service continued to be provided, thereby avoiding any unpleasant reactions by their taxi-dependent constituents. However, the drop in service caused by Yellow Cab's failure created a situation in which the City Council members felt that a fare increase was necessary even at the risk of displeasing some voters.

In Berkeley, prior to the fare and regulatory revision efforts of 1979-80 the taxi-related attitudes and awareness of most key groups were fairly similar to those in Oakland. Taxi service was

not a major issue, and relations between city government and taxi operators were distant although not openly antagonistic. Elected officials tended to be very liberal and particularly sensitive to the needs and preferences of their large low-income constituencies. The Berkeley city council majority was considered "anti-business" by some groups. Thus official resistance to taxi fare increases was strong.

In both cities, relations between the city government and the taxi operators were neither antagonistic nor warm, but distant. Taxi operators felt themselves to be the victims of an economic and political situation beyond their ability to influence materially, and saw little reason to try. Elected city officials were also wary not only of potential public opposition to fare increases but also of any appearance of favoritism in the authorization of new taxi permits. The historical practice had been to receive and act on specific applications periodically from persons who wanted to begin or expand taxi operations; although the burden of proof of "public convenience and necessity" was upon each applicant, controversy was inevitable over how many more permits were really needed and who should get them. This was particularly true since the overall demand for taxi service at any given price seemed to be declining. Particularly in Oakland, council members saw this as a troublesome process as best, and were ready to consider substantial changes.

3. THE OAKLAND CASE STUDY

3.1 TAXI REGULATION

3.1.1 History of Regulation

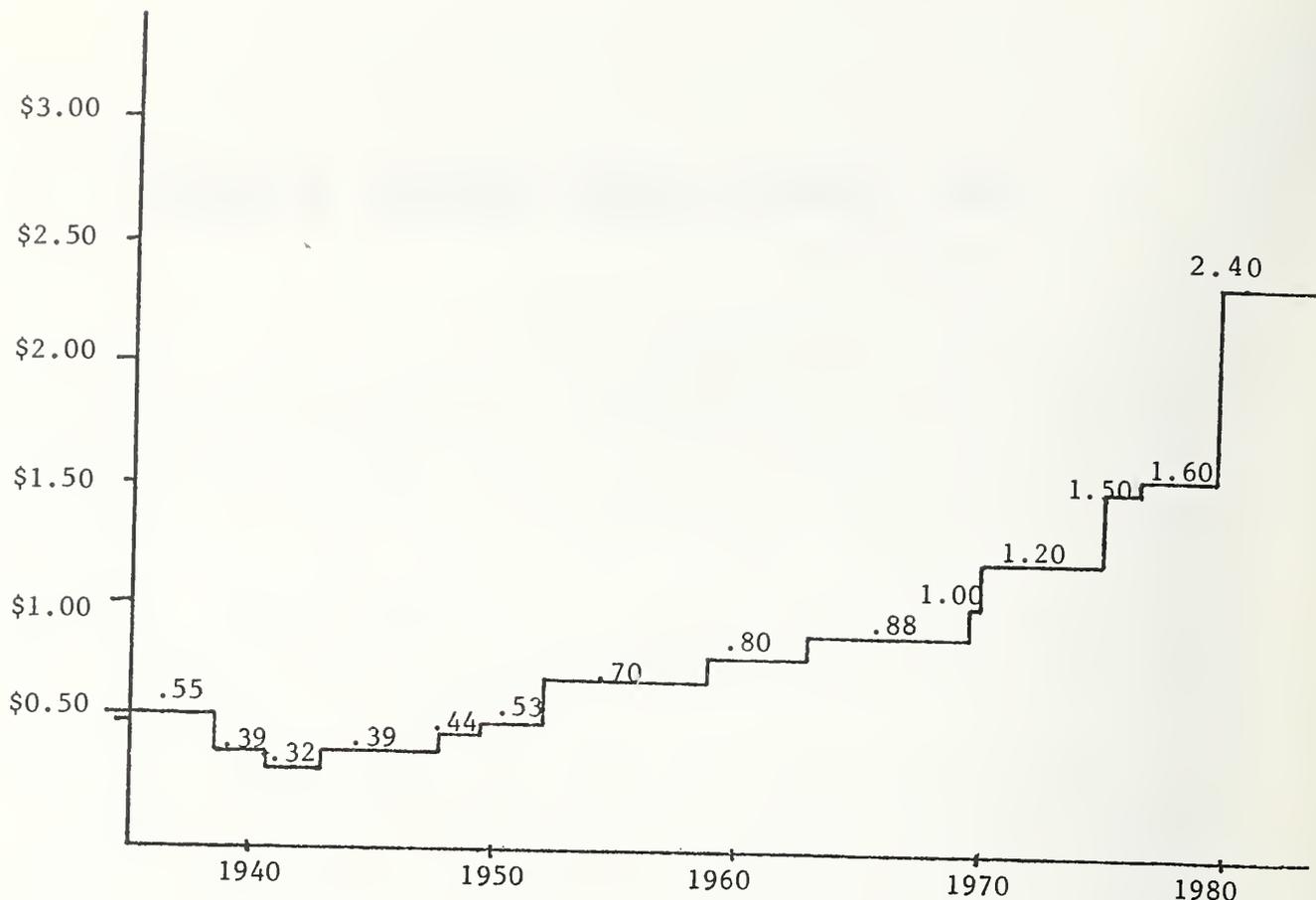
The taxi regulatory process in Oakland continued without substantial change for many years. Of particular relevance in this evaluation is the history of taxi rate changes and adjustments in the authorized numbers of taxi permits and operator licenses. Figure 3-1 displays the chronology of authorized rate changes over the past few decades, ending with the 50% rate increase and gasoline price surcharges of 1979-80. This figures serves to provide some perspective on both the amounts and frequency of rate changes. As it shows, rate changes have tended to be infrequent, reflecting both the relatively low rates of inflation (until recently) and the political sensitivity of such visible costs to the public.

According to the limited available data and interviews with city and operator personnel, the total taxi fleet size (as measured by the number of permits) declined gradually for the past few decades. This was largely a process of attrition of individual permit holders, although some offsetting increases occurred through individual requests to begin or add service. Historically such requests were accepted by the City Council whenever submitted, although more recently requests were accumulated and acted on only at specified five-year intervals. The City always had applications on file awaiting Council action, as companies sought larger market shares.

3.1.2 Regulatory Authorities and Responsibilities

Oakland taxi regulations are Section 5-14 of the City's Municipal Code, enacted as city ordinances by majority vote of the elected City Council. The Council is empowered to establish fares and other charges, fix and alter the terms of service and other requirements for taxi suppliers, limit or expand the allowable numbers of taxis and operators, and whatever other legal actions it deems in the best interests of the public. Its decisions are not subject to appeal.

Historically, most of the Council's activities in taxi industry regulation have dealt with periodic fare increases and adjustments



Note: Gasoline surcharges not included.

Source: City of Oakland records.

FIGURE 3-1. OAKLAND TAXI RATE CHANGES SINCE 1938 (1-MILE TRIP)

to the authorized number of cabs and operators. Policies regarding other factors such as types of service authorized, enforcement practices, and cooperation with neighboring cities or other authorities have for the most part been unchanged for many years.

3.1.3 The Former Regulatory Code

The municipal code provisions existing prior to the 1979 regulatory changes contained only a few sections important to those actions.

New Permits. The procedure for a new company to obtain its first permit was the same as for an established firm seeking to expand. An expansion in the number of permits authorized required a determination by the city that "public convenience and necessity" dictated that more cabs were needed; and those cabs were to be distributed among applicants by the city in a "fair, just and reasonable" manner. This determination was made only once every five years. The convenience and necessity criteria included basically a determination that the public was underserved, that existing firms were efficiently managed and earning fair returns, and that new applicants were financially responsible. The permit applicant also had to be free of felony, narcotics or moral turpitude convictions.

Cancelling Permits. If a permit was inactive for 10 days or more, the owner had to show "good and sufficient cause" or the City could cancel its permits.

Rates. The rates were set at 80¢ at the flag drop plus 90¢ for each mile.

Services. Exclusive-ride service was required; shared-ride was prohibited generally. Taxicabs were authorized to carry parcels or freight, but those activities were unregulated. (These provisions continue.)

Drivers. Individual drivers had to obtain a permit to drive a cab, for which they had to show knowledge of Oakland's street layout, and have "no moral or physical deficiencies" that would affect their service to the public. This is unchanged in the new regulation.

3.1.4 Administrative Procedures

Prior to 1972 any requests by operators to obtain permits for more cabs were submitted directly to the City Council. These were approved or denied based on the applicant's ability to demonstrate a requirement for the additional service to meet "public convenience and necessity." In 1972 the Council sought to limit its involvement in taxi matters by saving applications in the City Clerk's office and acting on them only once every five years (the first time being 1977). In contrast, the issuance of annual business licenses is a routine task of that department, while issuance of individual driver and owner permits has been (and remains still) a purely administrative responsibility of the City Clerk's office. Vehicle inspection and routine enforcement of the other terms of the taxi ordinance are also administrative activities, in this case assigned to the Police Department.

Business licenses are issued in the same manner as for all other businesses. Each operator must pay a fee based on gross sales

and obtain the license before a stipulated date each year. Reminder notices are sent to those who are late, and continued non-payment can risk loss of the right to operate. However, this has not been strictly enforced.

All prospective drivers must apply to the City Clerk for a permit. Approval of such requests essentially involves ascertaining that the applicant has a valid chauffeur's license and checking with local and State law enforcement officials to assure that he/she has no record of convictions of specific relevant crimes such as felonies, narcotics or morals offenses.

One police officer spends about two-thirds time on taxi inspection and ordinance enforcement. Each cab must be presented annually for reinspection of key features such as tires, brakes, lights, and color scheme. In addition, each cab is required to be equipped with a two-way radio for dispatching and a standard single-fare taximeter. The inspection includes taximeter accuracy (State Department of Weights and Measures recalibrates or recommends replacement if necessary).

Other enforcement activities include spot checks of operations to guard against overcharging and other violations of the ordinance. Citations can be issued and fines or license suspensions levied. Because of the shortage of staff, however, such "street enforcement" is not extensive.

3.1.5 Forces Leading to Change

By mid-1979 it had been nearly five years since the last substantial fare increase. Operators had tried several times to gain further increases, and the quality of vehicles and service was declining visibly. Then in the summer of 1979 the largest operator, Yellow Cab, became involved in a labor dispute which led to a strike by its drivers. When they resumed service, there were many complaints regarding the poor or unsafe condition of their vehicles. The city required Yellow Cab to submit their cab fleet for inspection, and no cabs passed. In August 1979, Yellow Cab terminated its operations, citing its inability to finance the required repairs and improvements to its fleet.

This failure of the major taxi operator had two galvanizing effects. First, it provided graphic evidence of the industry's financial plight, and second, it created a serious shortage of taxi service throughout the city. These factors made it clear that Council action was essential both to rebuild the taxi supply and to protect the city's residents from loss of even more service through further business failures. In addition, the long-term financial instability of the existing operators cast doubt on their ability and willingness to attempt expansion even if authorized to do so.

The city took a two-step approach. A fare increase was unavoidable, and a significant increase was quickly debated and passed. There was little public opposition given the extremity of the supply loss.

Various parties were negotiating a buy-out of Yellow Cab. Former Yellow drivers had formed a cooperative, and a second group was associated with San Francisco Yellow Cab Company. The city watched these efforts and held up further action for a short while in hope of Yellow's return under some new ownership. Soon this began to appear unlikely, and it also became clear that the other existing operators could respond to the need for more service only gradually if at all because of their poor financial condition. The Council then moved to allow as many companies and permits as the market would sustain. By giving no priority to existing companies the council hoped to stimulate industry responsiveness by creating an open-entry taxi industry to contrast with the existing oligopolistic form.

3.2 THE REGULATORY CHANGES

3.2.1 Chronology of the Changes

The major events surrounding the changes in rates and market entry are documented in Table 3-1. A major aspect of the regulatory change process was its speed, as the table indicates. The rate change was put into effect with little debate or delay, and the open-entry provision was added much more rapidly than has been the case elsewhere.

The main source of public hearing debate was whether to split the technically forfeited Yellow permits among existing firms, open entry applications only for those 80 permits (and devise a fair method of allocation), or to remove the sanctity of existing firms' market shares and allow application for as many permits as were desired. The third choice was taken and existing operators were naturally vocal in their opposition.

TABLE 3-1. CHRONOLOGY OF THE REGULATORY CHANGE PROCESS IN OAKLAND

<u>Date</u>	<u>Event</u>
June-July 1979	Yellow Cab strike
August 1979	Yellow Cab goes out of business
September 25, 1979	Passage of fare increase provision
November 20, 1979	Passage of open-entry regulations

3.2.2 The Specific Changes

Rate Change. A comparison of the rate structure just before and after the change is presented in Table 3-2. The initial (flag drop) meter charge was increased 50%, while the mileage rate was raised by somewhat less. The fare on a one-mile trip with the new rate structure increased from \$1.60 to \$2.40 (50%). Waiting charges were reduced for brief waits, but increased slightly for periods of 15 minutes or longer.

In addition to this new basic rate structure, a surcharge of 5¢ per trip was authorized for each 5¢ increase in the city's own cost of unleaded gasoline beyond the rate in effect at the time the ordinance was enacted (97¢ per gallon). A maximum of 60¢ was established for such surcharges without further Council action.

An additional rate provision entitles all senior citizens possessing a city-distributed ID card to a 10% fare discount (not in addition to the scrip program discount, for any single ride) from all cab companies. This discount is absorbed by the operators and/or individual drivers, and involves no City subsidy.

TABLE 3-2. OAKLAND TAXI RATES BEFORE AND AFTER SEPTEMBER 25, 1979

	<u>Before</u>	<u>After</u>
Flag drop:	\$.80	\$1.20
mileage included	1/9 mile	no mileage
Mileage rate	\$.20 per 2/9 mile	\$.20 per 1/6 mile
Waiting rate:	\$.80/first 2/3 min. + \$.20/1-1/3 min. after	\$.20/min.
Trips over 20 miles outside city:	150% of meter	same
Surcharges:	--	\$.05/trip for each \$.05 gas price increase

Open-Entry Change. Information required on permit applications remained exactly as before, as did city criteria for rejecting applications (safe vehicle, non-conflicting color scheme, no criminal background, etc.) except where related to "convenience and necessity" determination. All references to this concept were removed (including the "financial stability" factor, which formerly necessitated applicants' filing of a financial statement). This was an unambiguous "de-regulation," therefore, as it entailed simply the removal of permit conditions.

3.2.3 Implementation

Rate Change Implementation. The basic rate change took effect immediately (September 26, 1979), with every cab in Oakland then charging the higher rate. No formal notification by the City was required. The individual taxi companies arranged privately for resetting of their meters to the new rates. Calibration checks continued on an annual basis as before.

The head of one of the medium-size firms volunteered to coordinate the gasoline surcharge and nobody objected. Actually very little was involved. The industry representative obtained the current price paid by the City Purchasing Department for unleaded gasoline each month. If an increase of 5¢ cents had occurred since the previous surcharge authorization, he requested and the City Manager granted permission for a 5¢ surcharge increase. The industry representative then obtained taximeter stickers announcing the new surcharge (from the City Manager) and distributed them to all the taxi companies. This arrangement proved cumbersome, (and the industry representative's firm quit the taxi business), so that the entire process was eventually taken over by the Police Department.

The senior citizens discount program is not part of this regulatory change. In any event, it requires no administration other than to assure that all companies are granting the discount uniformly. The "senior citizen gold cards" establishing eligibility continue to be distributed by the City.

Open-Entry Implementations. Implementation was the work of three sections of city government: the city clerk's office, Permits and Licenses, and the Police Department's taxicab detail. The deluge of permit applications began the day after the City Council acted. The procedures were identical to those in place before the regulatory change. The City Clerk and Police Department undertook a few streamlining changes to minimize applicants' waiting time. For example, conditional permits were granted while criminal checks were being made, as the State could take up to a month to process them.

Effectiveness of the Implementation Process. The implementation process was simple and effective. A prospective cab operator already owning a properly-equipped cab could put that cab into operation within three days of applying for a permit. Delays were usually due to no cab, improperly equipped cab, or insurance problems.

New cabs came onto the street gradually (to be discussed later), so there was much less shock to the industry and patrons than when Yellow Cab folded. Most of the delays were due to the applicants themselves, both in financing and preparing a cab for inspection and in hesitating to make such a financial commitment out of fear of too much competition.

3.3 EFFECTS OF THE REGULATORY CHANGES

3.3.1 Taxi Industry Size and Structure

Number and Type of Taxi Companies. As noted in an earlier chapter, the Oakland taxi industry prior to the regulatory changes included a variety of types and sizes of suppliers. Centrally owned fleets predominated, involving mostly employee drivers (split gate), but also daily gate leases. Several owner-driver associations also existed, including one of the largest operators. A number of very small, one- to four-cab, firms were also licensed.

A major change brought on by the open-entry policy was the formation of two new independent operations. One of these, Bay Area Cab, made the largest number of permit applications of all the firms (167). By mid-1982 it had 76 cabs in service, making it the second largest taxi operator in Oakland. The other, St. Francis Cab, has 14 cabs. Both are centrally owned and operate via a daily gate fee (lease) for each cab. In addition, the rate increase led to the reorganization and entry of one large firm, Yellow, which had failed just prior to the regulatory changes. Yellow's form of operation, formerly a split waybill, with employee drivers, changed radically. Yellow no longer owned any vehicles, but rather dealt with independent owner drivers, or owners of small fleets responsible for their own arrangements with drivers, charging a daily gate fee solely for dispatch services and use of the Yellow name and paint scheme. By mid-1982, Yellow had 101 active permits, so it was still the largest taxi firm in Oakland. More responsibilities such as maintenance were also shifted to the drivers. The new daily fee of \$55 was the local industry's highest. Since the two largest firms, which hold a majority of all the active taxi permits, both operate using some form of leasing, another major result of the regulatory changes appears to have been a shift away from employee driver operations to leasing operations. There are no reports of exits of any taxi firms in the first year following the changes, although some smaller operations cut back their fleets.

Table 3-3 gives a complete list of taxi firms operating in Oakland as of August 1982, almost three years after the start of open entry. A comparison with Table 2-1, which lists the same data for November 1979 (just before the start of open entry), shows that the number of operating firms was unchanged at 25. Eleven of the firms operating in 1982 were new, that is formed after the regulatory changes, replacing an equal number which had ceased operations. What part of this turnover, representing about a third of total permits, may consist of reorganized former operators is not known. It is known that, of the former third and fourth largest firms (with 15 and 12 permits respectively), one left the taxi business altogether and the other sold out to one of the major companies. In addition, the current second largest company was formed as a completely new operation immediately following open entry.

TABLE 3-3. OAKLAND ACTIVE TAXI PERMITS BY FIRM, JULY 1982

<u>Company</u>	<u>Active Permits</u>
Yellow	101
Bay Area*	76
Associated	72
St. Francis*	14
Luxury	8
Goodwill*	4
Campbell	3
Red Spot	3
City	2
Grand Lake	2
Lyon's	2
M & K*	2
Zina	2
Airport*	1
Akbar*	1
All Nations*	1
Black & White	1
Brown*	1
East Bay	1
Jessie's*	1
Marco*	1
Miracle	1
Springer	1
Sudoc*	1
Tahoe	1
Total	303

*Firms entering after open entry

According to the police officer who handles permit applications, the actual amount of turnover is even greater than Table 3-3 would imply. He estimates that, in a little over a year, 31 owners or owner-operators (not taxi companies) have gone out of business, and that they have been replaced by an even larger number.

Regarding company size, Table 3-3 shows that all of the growth in permits is accounted for by large companies. The number of permits held by small or medium size companies fell from 85 before open entry in late 1979 to 54 in mid-1982. The percentage of permits held by small and medium size firms fell from 38% to 18%. Regarding the large firms, the ones existing in November 1979 increased their permits by 34 or 24%, and a new large firm added 76 permits to the overall supply.

Rejected Applications and Reasons. City staff indicate that rejected applications for permits were an insignificant proportion of the total. Reasons included a few bad checks used for payment of the application fees and a small number of failures to pass the police record check. Most applicants who might otherwise have failed the police record check simply decided not to apply after being advised of the requirement by the city's applications clerk.

Medallion Transfer. The transfer of medallions has not been influenced importantly by the open-entry policy, principally because medallion transfer was virtually nil even before the regulatory change. As noted earlier, very few transferable medallions exist since Oakland regulations have long permitted the issuance of only the non-transferable type. None of the city staff interviewed could recall any known medallion transfers for many years, and taxi operators interviewed indicated that the market value of such medallions was generally considered negligible. At the same time, there appeared to be a belief that the few existing transferable medallions would have gained in value if the rate increase had been enacted without the open-entry policy.

3.3.2 Rates and Pricing Practices

Effects on Rates. The 50% rate increase was a major element of the regulatory revision in Oakland. Since this rate change stipulated the new rate, there have been no price-competition effects; all suppliers charge the same rates. There is some variation in total charges due to uneven application of the gasoline surcharge (discussed below) and the 10% discount for senior citizens. The 10% senior citizen discount was established by the city, presumably to make the rate increase more politically acceptable. At least one very knowledgeable observer claimed that many drivers ignore the discount provision. The new rates were still seen as adequate almost three years after the increase.

The Gasoline Surcharge. As noted in Section 3.2.3, the new regulations permitted operators to levy a surcharge of 5¢ per trip for every 5¢ increase in the price of gasoline. To facilitate this, the city printed stickers to be placed on the taxi meters announcing each 5¢ increase. However, most taxi operators followed the Taxi Owners Association's recommendation to forego this surcharge for the first few months, believing it to lead to many disagreements with patrons, harmful to their image so soon after such a large fare increase, and generally not enough money to be worth the trouble. This position changed after the allowable surcharge reached 25¢, when most firms began to levy the surcharge routinely. By January 1981 the authorized amount had reached 35¢ per trip, which represented an additional increase of about 20% (beyond the original 50% fare increase) for a one-mile trip.

By mid-1982, however, the surcharge had fallen again to 10 cents, and the general practice appeared to be to not charge the extra amount. The taxi operators interviewed at this time mostly agreed that the surcharge was a source of confusion, not understood by riders. Many drivers apparently decide whether or not to ask for the extra 10¢ on a case-by-case basis, depending, for example, on whether it would result in a lost or reduced tip. The surcharge is a source of confusion to the operators as well. One claimed to be unaware that imposing the surcharge was optional*; another said she was seldom notified about the surcharge and had just recently heard that it was down to 10¢.

3.3.3 Taxi Operating Practices

Dispatching Procedures. Dispatching procedures have not changed. As before, all cabs are required to be radio-equipped and associated with a radio dispatch service. The two new companies have installed their own dispatching centers and operate conventionally.

Lease Terms and Other Labor Considerations. Cab lease fees vary widely among the major firms using this method of operation. They range from \$25 to \$55 per day for essentially the same capability. This is up from about \$20 to \$40 prior to the fare change, reflecting a sharing of the increased fare revenue between the owner and driver. Yellow Cab is highest at \$55 per 24-hour day. Even with these high rates and its generally older vehicles, Yellow has been able to attract and retain drivers. This is apparently because of the universal recognition of the Yellow name by patrons, its widely-known and easily remembered telephone number, and its resulting ability to attract a larger share of the market.

Equipment and Maintenance. The new entrants have tended to provide much newer vehicles than previously seen as cabs in Oakland. Most appear to be from one to five years old (few if any are new) and are in much better condition than the older cars formerly used. Both full-size and mid-size American cars are used by the new entrants; virtually no small or foreign cars have been supplied. The former operators made no major changes in their equipment to respond to this newer competition. Many cabs well over 10 years old were in use as of early 1981.

The one major new firm, Bay Area Cab, placed heavy emphasis on vehicle maintenance and repair. Dents were repaired immediately. This firm uses a large indoor repair and storage facility with full in-house mechanical, body and paint repair capabilities as well as the city's most modern dispatching equipment. In this case also the older firms continued their prior practices without response to this new competition. There was a general attitude among the former operators that Bay Area Cab had over-invested and could not realize an adequate return unless it could expand greatly, which they doubted. This skepticism was not shared by the operators of Bay Area Cab.

*Actually, the ordinance says, "A surcharge shall be added . . . ," but the nearly-universal practice is to regard the surcharge as optional.

In early April 1981, 35 of Yellow Cab's 71 then-active permits were once again revoked due to failure to meet the city's maintenance standards. Similar though less extreme maintenance problems were reported for other old firms.

However, in mid-1981, when several operators and other knowledgeable observers were interviewed, they were in general agreement that vehicles were now in better condition than they had been before the regulatory changes, and that increased competition was an important responsible factor. A spokesman for Yellow claimed that they had overcome their vehicle problems, and now adhered to strict standards of maintenance, requiring twice-weekly inspections of all vehicles. He noted that pressure from the Port of Oakland, which operates the Oakland Airport, was important in stimulating improved vehicle care. On the other hand, a spokesman for Bay Area Cab acknowledged that they had not been able to maintain quite the standard of maintenance they had set out to. Whether this indicates financial difficulties or merely unrealistic initial expectations is not known. The Bay Area spokesman remained optimistic about the future of the business.

Cab Stands. There is no apparent change in the number, location or utilization of cab stands. No new cab stands were authorized under the regulatory change and none have been requested.

Insurance Limits and Rates. Interviews indicate that although insurance costs continue to rise for all operators, the Oakland regulatory changes have had no effect on such costs. In particular, rates for the new operators are apparently no higher than for the former companies.

Other Effects on Operating Practices. The Oakland regulatory revision has apparently had no other effects, either adverse or beneficial, on taxi operators. Enforcement practices have not changed or intensified, nor do the regulatory revisions include any new administrative or operational requirements.

3.3.4 Level of Service

Taxi Permit Applications. The removal of restrictions on the ownership and number of cabs in service led to a flood of applications for taxi permits. During the year immediately after the restrictions were lifted (from November 20, 1979 to November 20, 1980) applications for some 379 new cabs were filed. This amounts to over 2½ times the number of cabs permitted before the regulatory change, excluding those of the defunct Yellow Cab Company.

As Figure 3-2 shows, almost all of these applications were filed in the first four months. Inspection of the applications revealed that a large majority of these early filings were parts of several

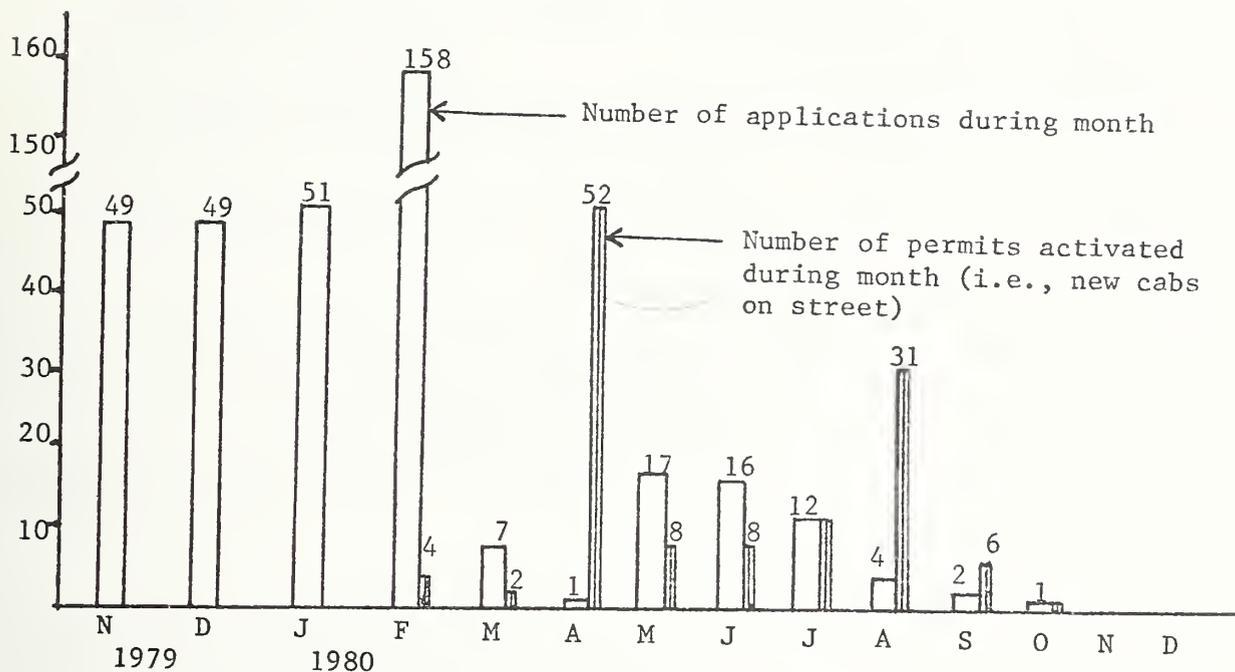


FIGURE 3-2. TAXI PERMIT APPLICATIONS AND ISSUES BY MONTH

organized groups--either expansions of existing cab companies or individuals desiring to create all-new companies. Apart from such large-scale organized efforts, the number of individual applications fluctuated fairly randomly from month to month with no tendency toward early filings.

Table 3-4 indicates the sources of the early group-related permit applications. One existing company (Associated), an owner-operated association, launched an aggressive campaign to expand and was able to file for all its desired new cabs within a few days. Discussions with Associated representatives indicated that most of these involved friends and family members of their existing owner-drivers, eager to take advantage of the recently increased fares and having unusually good access to information on the taxi business.

None of the other existing cab companies made initial efforts to increase their fleets. This is apparently because most of the existing companies were centrally owned rather than owner-driver associations, and were both unable to raise the necessary additional capital and skeptical about the supposed profitability. Shortly after the regulatory change a spokesman for the local Taxicab Owners Association reflected the dominant view by predicting lower profits and some taxi business failures because of the expected

TABLE 3-4. TAXI PERMIT APPLICATIONS BY MONTH AND SOURCE

<u>Month</u>	<u># Appl's</u>	<u>Source</u>
November	49	Expansion of existing Associated Cab Company (34)
December	49	First applications by new Bay Area Cab Company (39)
January (1980)	51	More Bay Area Cab Company (42)
February	158	80-Reactivation of Yellow Cab permits 62-More Bay Area Cab Co. 12-New St. Francis Cab Co.
March- November	72	Miscellaneous; primarily small operators

large number of new entrants, citing the very large number of early applicants as evidence. Associated Cab was an exception because of its ability to spread the risk entirely among the individual applicants themselves. Its administrators and senior owner-driver members were also unusually confident in both the future of the taxi business and their ability to compete successfully even if an oversupply situation were to develop. They apparently imparted this confidence to their friends and relatives who subsequently applied for taxi permits.

Table 3-4 shows how the applications of the first four months were dominated by a few large groups. In addition to the Associated Cab expansion, two all-new firms appeared and the defunct Yellow operation reorganized and reappeared, reapplying for its former 80 permits. One of the new firms, Bay Area Cab, was a stock corporation apparently formed by San Francisco taxi drivers and administrators. Nearly 170 of the new permit applications were related to this new organization; most of these were for one or two cabs and were taken out by different individuals who then turned them over to Bay Area Cab to operate.

In the two years following the period shown in Table 3-3, permit applications continued, although at a lower rate. Yellow eventually added permits. Some of the continuing applications represent growth in the number of total permits, but most probably represent constant turnover in the market. Many applications are probably for individuals who plan to drive for one of the major companies, possibly because they can no longer find other work. Before open-entry, they might have sought work as employees of the same companies. Now there are few employee positions available. Instead an individual obtains his or her own permit and vehicle, and then pays a daily fee to operate with the colors and dispatching of an established firm.

Number of Cabs in Service. The actual introduction of new cabs into service was much slower than the rate of applications, but still a very large number of cabs has been added. During the 12-month period just after the regulatory change, 143 of the 379 applications were activated. This means that in each case the owner passed tests of insurance and lack of relevant felony convictions, and also presented a ready-for-service vehicle which passed the City's inspection.

At the start of the open-entry policy, the City's processing of applications took as long as three months or more--due mostly to lack of staff. Thereafter the processing delay has been much shorter, such that virtually all applications not yet activated are awaiting only the owner's presentation of a vehicle for inspection. Permit issue is immediate upon successful inspection. Most of the over 200 outstanding applications as of late 1980 appear to have been abandoned.

It is difficult to assess accurately the number of cabs actually in service for any given month. The number of active permits is known, but not all active permits are actually in service. Despite city regulations which dictate possible forfeiture of any permit not in service for ten consecutive days, the monitoring necessary for enforcement is not feasible. Consequently city representatives estimate that up to a quarter of the active permits actually represent cabs which are out of service either temporarily (e.g., for repair, lack of a driver, etc.) or permanently (e.g., wrecked and not replaced for lack of capital, small owner-operator left the business, etc.).

Despite this reservation, the use of data on active permits does indicate a maximum and, more importantly, provides a reasonable indicator of the month-to-month trend. Figure 3-3 presents such an estimated trend in total cabs in service. After nearly a year of open-entry, the number of active permits was up from some 220 to about 280, or approximately a quarter. The actual increase in cabs in service may have been somewhat greater for at least two reasons: the fare increase is likely to have induced operators to reactivate some older or damaged vehicles, and new entrants can be expected to display a higher-than-average level of cab utilization. However, at the same time there was a fairly widespread belief among the operators interviewed that some marginal owner-operators--both new and old--had gone out of business due to the heavy new competition. This was not positively verified, but was further supported by police reports of tire slashing and other vandalism against cabs. This never occurred before and suggested a very high degree of competition. It seemed reasonable to expect, as did most local observers, that the number of cabs in service would decline further before reaching a new equilibrium.

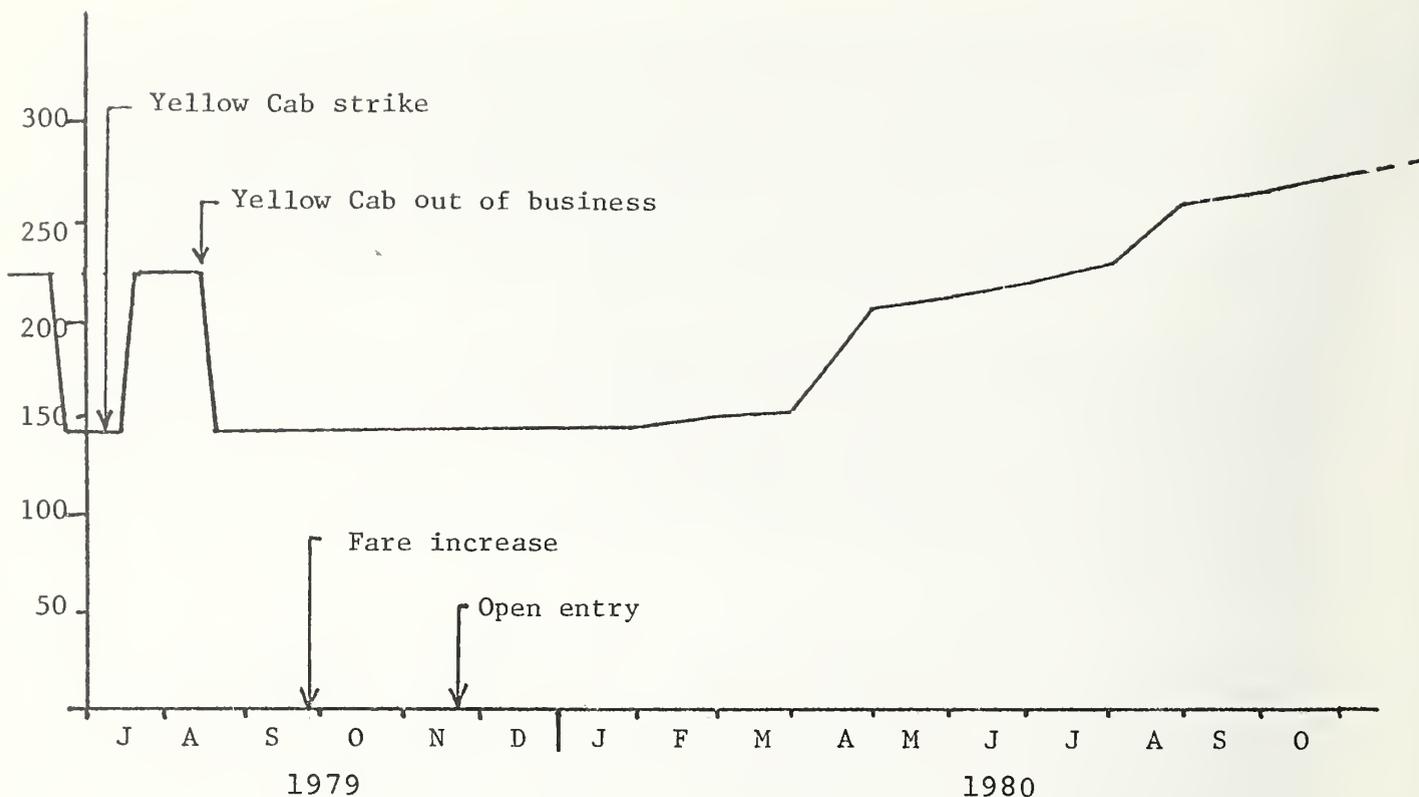


FIGURE 3-3. ESTIMATED TAXI PERMITS ACTIVE BY MONTH

A year and a half later (almost three years after the start of open entry) things appear to have turned out differently than expected. Some operators have gone out of business, but they have been replaced by new operators, both independents and those operating under the names of larger companies. The number of active permits continued to increase, reaching 303 in July 1982. The police officer who handles taxi permits believes that, as of July 1982, the number of active permits is still increasing. Does this continued increase reflect a need for more service? No one interviewed seemed to feel it does. Instead a major factor is probably the poor state of the economy, leading many who are having trouble finding other work to try their hand at the taxi business. There is very stiff competition, and many drivers are probably suffering a loss of income. However, the image of vandalism and pending decline in taxi operations appears to have been exaggerated, and may reflect unhappiness on the part of some marginal operators having difficulty surviving in the more competitive environment. In particular, no one interviewed in July 1982 believed that there had been any increase in vandalism against taxicabs due to competition among operators.

Level of Service per Cab. The actual overall level of taxi service is dependent on the number of hours or miles each cab is operated as well as on the number of cabs in service. Taxi operators interviewed agreed that their cabs were on the street more hours than usual during the Yellow strike and the period just after Yellow Cab went out of business, in order to cover the demand formerly handled by Yellow. However, with the drop in demand following the rate increase, this additional service was no longer needed, and the higher fares more than offset the resulting loss of revenue. As demand began to reappear after riders adjusted to the higher rates, new cabs authorized by the regulatory change also gradually appeared. Eventually, however, the number of cabs appeared to have overrun the demand. Police and taxi representatives report that this eventually led to a rise in the average number of hours each taxi was in service daily, as drivers opted to work more to maintain their income. Some extreme cases of fatigue and subsequent accidents led some firms to restrict the number of hours a driver may work each day.

Based on interviews conducted in July 1982, this situation appears to have moderated somewhat, as drivers have become accustomed to the new state of affairs. No one interviewed believed that excessive work hours were a problem anymore.

Service Types and Geographic Distribution. No significant changes in either the mix of taxi services or their geographic distribution are apparent. Oakland has very little business or tourist use of taxis, and relies almost exclusively on telephone requests. Most taxi use is by low-income and non-driving persons. According to those interviewed these general proportions are continuing after the regulatory changes. Service remains predominantly oriented to personal needs of the low-income, elderly and handicapped groups. In addition, no new emphasis on street-hail, airport, or group-ride services has occurred.

Since taxi supply has increased substantially it is possible that some formerly marginal areas of the city may now be receiving more adequate taxi service. However, all taxi operators interviewed reported no intentional or significant change in the geographical distribution of their service. Instead, they believe that the somewhat higher level of service provided by the increased number of taxis has served to encourage taxi use for more trips in the (mainly dense central residential-commercial) areas already served most intensively.

Quality of Service. Operators and other observers interviewed in July 1982 were in general agreement that taxi vehicles were of better quality than had been the case before open entry. To some extent this might be due to new permittees bringing newer vehicles with them. Most observers felt that maintenance and appearance

had also improved somewhat, due both to increased competition and more stringent police inspections. One major operator noted that the Port of Oakland (which operates the Oakland airport) was being very strict about standards for taxicabs serving the airport.

Regarding other aspects of service quality, notably response time and driver courtesy, there was no consensus of opinion. Most observers felt that response time was unchanged compared to before open entry, although a couple felt it had improved. On the other hand, one major operator felt that intensified competition was causing some of his drivers to try to increase their share of the work giving the dispatcher an incorrect location, or reporting that an assigned trip has been completed before it in fact has been. Known as "false spotting" and "long cabbing," both of these result in excessively long wait times for customers. Apparently, the companies have less control over misbehavior such as false spotting and long cabbing than they did before leasing became the predominant form of operation.

On the matter of driver courtesy, opinion is also divided. The police have experienced an increase in complaints over the last year about driver conduct, including tardiness and theft of objects left in cabs. This is a fairly recent development, and apparently not a direct result of open entry. The director of the taxi scrip program for the elderly and handicapped believes scrip users are receiving better service as a result of increased competition. Clearly some companies and some drivers are going to lengths to keep customers happy. On balance, all that can be concluded is that there is considerable variation in driver conduct and no clear conclusion can be drawn about the effect of open entry.

3.3.5 Demand Characteristics

Aggregate Ridership. Although no reliable data could be obtained, all taxi industry personnel interviewed were in general agreement regarding the pattern of ridership change during the period surrounding the regulatory revision. This pattern is shown in qualitative form in Figure 3-4.

The principal demand-influencing events were agreed to be these:

- Yellow Cab driver strike
- Yellow Cab's failure
- The 50% fare increase
- The gradual increases in taxi supply due to Yellow's reappearance and other new entrants

The general pattern began with a fairly stable ridership, followed by a gradual decline in taxi use during the Yellow Cab strike and after Yellow's September failure due to the shortage of

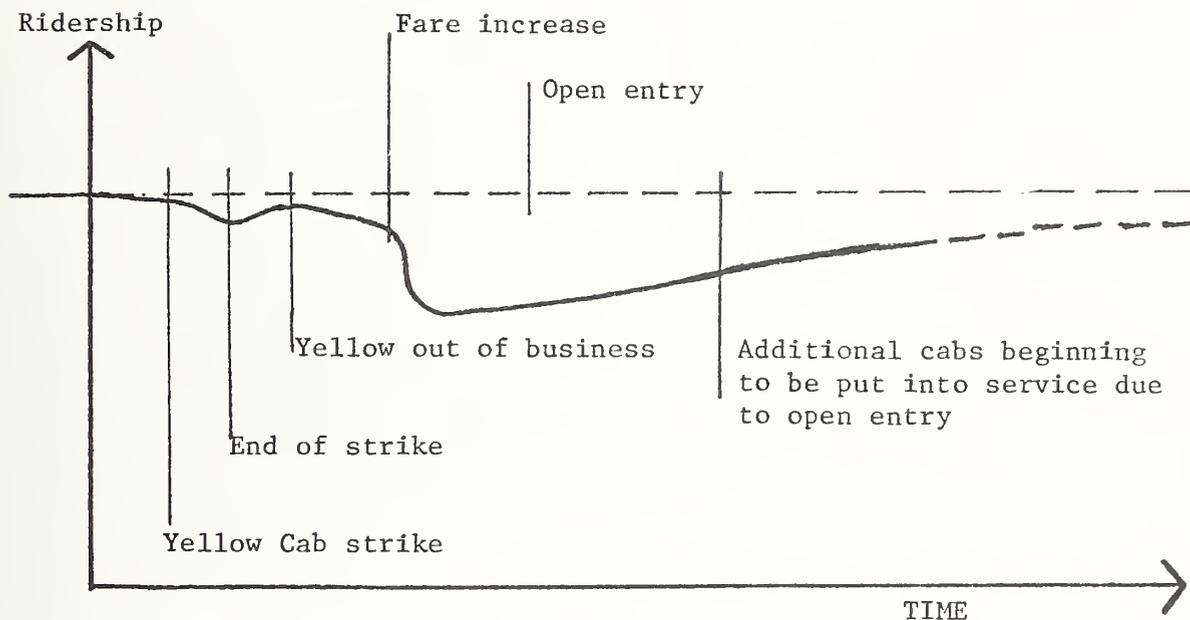


FIGURE 3-4. ESTIMATED GENERAL RIDERSHIP TRENDS

supply and resulting lower-quality service. This ridership decline was considered small, and still provided a significant increase in business for the remaining operators. The next stage was an abrupt drop in ridership due to the large fare increase in November. The size of this drop is unknown but all agree that it was smaller than the fare increase; that is, revenues still increased.

This ridership loss was largely regained within a few months, according to operators, such that revenues per cab were at their highest just before the new taxi permits began to be activated. If correct, this suggests that former taxi users were unable to find acceptable alternatives and gradually adjusted their budgets to accommodate the higher fares.

The ridership is generally believed by taxi operators to have continued to increase slightly as the supply of service has grown under the open-entry policy. Presumably this is due to the greater responsiveness and overall quality of service provided by the larger taxi supply. However, this rate of growth is felt to be much slower than the increase in supply, resulting in a gradual decline in income per cab and per company. The current most commonly encountered view is that ridership has stabilized.

Traveler Characteristics. This brief study did not include surveys to establish changes in traveler or trip characteristics. Thus the only sources of information on such aspects of demand were the operators themselves, who were found to have a fairly low level of awareness or interest in these details of demand. Essentially they tended to report that increases in ridership were "more of the same" rather than the result of tapping new user groups or trip purposes. Consequently no further conclusions are ventured here.

Trip Characteristics. Of particular interest here is the incidence of phone requests vs. street-hails and the use of exclusive vs. group or shared-ride trips. Neither of these appeared to change as a result of the regulatory revision. Oakland already required all cabs to be part of a radio dispatch system; also, the "street density" of cabs was (and is) low compared to large eastern cities. Thus the street-hail mode was not widely used, and the regulatory change has had no apparent effect on this factor. Similarly, Oakland does not permit shared-ride service and no operators interviewed showed any interest in it; consequently virtually all rides are exclusive.

As already noted, no surveys were made to determine effects on trip characteristics such as location, purpose, day and time, and various combinations of these and traveler characteristics. As with traveler characteristics, operators reported a general perception that the regulatory changes had no effect on such trip characteristics.

Another trip characteristic of interest is the use of the city's subsidized fare (scrip) program. The program's administrator reported a steady increase in subscription and redemption of scrip throughout early stages of open entry. Limitations on scrip purchases by any one person were not eased, so the increase was apparently due to new users of the program. Beginning in 1981 funding for the scrip program was cut; no analysis of the impact of this cut was undertaken.

3.3.6 Operator Productivity and Economics

Although substantial changes in productivity may occur under certain types of regulatory revision, this is unlikely to have been important in the Oakland case. Despite the lack of quantitative data, some results can be stated with reasonable assurance. The rate increase, taken separately, certainly led to fewer fare trips per vehicle per day and an apparent decrease in daily revenue per mile and per cab. Thus effects on productivity are negative. The open-entry policy also may have reduced productivity at least slightly in all respects: for example, among the measures which may have declined are fare trips per vehicle per day, paid vs. total

hours, revenue per mile and hour, and operating cost per fare trip. All of these declines would result from the inability of ridership growth to keep pace with the increase in taxi supply, thereby leading to increasingly inefficient use of the supply.

Open entry, with the attendant increase in the number of operating cabs, has clearly affected the economics of owning or driving a taxi. Despite a 35% increase in active permits over a little less than three years, the precise nature of the economic impact is far from clear. On the negative side, 11 companies which were operating before open entry are no longer in the taxi business. The owner of the largest of the firms to leave the business, a medium size company, was clear in attributing his problems to open entry and an excessive increase in the number of cabs on the road. Some other observers and one small operator agreed that business was worse than before. According to this view, the larger companies are probably losing money, each betting that they can outlast the competition, after which they can turn profitable. Other indications of economic problems occurred in the first year of open entry, including Yellow Cab's loss of 35 permits for lack of adequate vehicle maintenance, service cutbacks and reorganizations by some other operators, reports of vandalism (such as tire slashing and paint defacing), various taxi ordinance infractions, and a tendency by drivers to work longer hours to maintain their former income levels.

However, there is at least an equal amount of evidence that, after a period of perhaps painful readjustment, the taxi business in Oakland is economically sound. In interviews with managers of all three major firms, and one independent owner-operator, the interviewees all stated that business was okay. The independent owner-operator stated that, although business was not as good as when Yellow was out of operation, it might even be better than the period before that (which was before open entry). The fourth largest firm, which started operations after open entry, is also said to be doing well. This view holds that, although competition has gotten stiffer, the well-managed companies are able to continue to make money. The ones who have gone out of business or are in trouble are seen as victims of poor management, inadequate financing, and an inability to adjust to changing circumstances. The early reports of vandalism are dismissed as exaggeration by small operators trying to create bad publicity for open entry. Supporting the view that a well-managed company can still make money is the fact that the 11 companies who have left the business have been replaced by an equal number of new entrants. Additionally, none of the operators interviewed in July 1982 believed that rates should be increased.

It is possible that taxi drivers are not doing as well as the taxi companies. Now that leasing is the predominant form of operation, the companies have succeeded in insulating themselves to a

great degree from the market. For example, the manager of one large company estimated that the average driver for his firm makes half what he would have before open entry; however, the company is making an adequate profit. On the other hand, other company managers felt that their drivers were doing all right, or at least that the "good drivers" are doing all right. Unfortunately, it was not possible to study this issue further by interviewing the drivers.

3.3.7 Cost of Taxi Industry Regulation

Increases in the city of Oakland's taxi administrative costs have been minor. Prior to the regulatory revisions there had been a long-term municipal budget squeeze caused by factors such as a steadily declining industrial and commercial tax base, growing welfare, police, and other social program obligations, and state-wide tax reduction initiatives. This had resulted in a very limited expenditure for taxi regulation and administration; the police taxi detail had been reduced to a single officer responsible for inspections and all other enforcement, and the license clerk function had been reduced to a minor proportion of one clerk's time.

The fare increase and open-entry regulatory changes did not result in assignment of any additional staff. During the several months just after the regulatory change, the large number of taxi permit applications forced the use of more of the license clerk's time than usual, but this resulted more in processing delays than in additional cost. That workload has now diminished to near its original level. Some additional effort continues to be required to administer the gasoline surcharge regulation and to maintain the larger rosters of owners and drivers, but not enough for budgetary significance. In addition, the minor additional costs have so far been more than compensated by the increased revenue from applications and annual permits.

A possible "hidden" cost of the taxi fare increase may be found in the constantly increasing public use of the 80% fare subsidy program for elderly and handicapped persons. Although limits on scrip purchases by any one person were not raised to offset the effects of the fare increases, more and more persons are making use of the program. Certainly part of this increase is due to a natural growth in public awareness as the still-young program matures. However, at least some of the increased use may well be by persons who knew about the subsidy before the rate increase but chose not to take advantage of it until compelled to do so by the new higher rates. This sort of latent subsidy demand could not be further addressed in this brief study.

3.3.8 Attitudes and Awareness

City Officials. Elected and top municipal management officials were very aware of the political dangers of a major taxi rate increase and delayed such action until the industry's financial plight made it unavoidable. They were also uncertain about the effects of an open-entry policy, but felt that such a bold measure was necessary to rejuvenate the taxi industry. Following passage of the regulatory changes, some of these officials expressed concern over massive potential oversupply and subsequent hardship to operators as well as the public. Two years and eight months after open entry, however, taxis were apparently "not an issue" anymore.

Administrative Staff. The few city administrative staff members involved in the taxi program were originally frustrated by the temporary extra workload but now are apparently in general support of the regulatory change. They do, however, continue to voice some concern regarding oversupply.

Taxi Operators. The former taxi operators and the Taxi Owners Association are almost all still stoutly opposed to the open-entry policy. They have made no formal petition to the City Council but continue to warn of widespread financial reversals due to oversupply. In contrast, the new entrants are strongly in support of the open-entry policy although they acknowledge privately that competition is intense and some weaker operators may fail. All the new operators are highly aggressive and motivated, and are determined to be among the survivors.

Taxi drivers could not be adequately polled on their opinions. However, a general impression is that they are showing great concern over erosion of income as more and more taxi permits are activated.

Public Transit Operators. Officials of both AC Transit (bus) and the Bay Area Rapid Transit District (rail) are only moderately aware of the taxi regulatory change and its effects. However, both organizations indicate solid support for a strong taxi industry, seeing taxis as highly complementary rather than competitive with their transit services.

Officials of the Port of Oakland and its airport branch display attitudes toward and awareness of the taxi regulatory change and its effects similar to those of the transit operators.

Public. The taxi regulatory change and its effects have not been significant to most Oakland residents. Although no opinion surveys have been done, a general impression is that indifference or slight support are dominant and that awareness is low.

Media. Both print and electronic media have given the taxi regulatory change and its effects only incidental coverage. The general tone has been one of support for the city's actions.

4. THE BERKELEY CASE STUDY

4.1 TAXI REGULATION

4.1.1 History of Regulation

As in Oakland, the taxi regulatory process in Berkeley did not change substantially in many years. The City Council controlled taxi service supply via a limited-entry, maximum-rate ordinance. Changes in this ordinance have been infrequent, typically involving only small rate-ceiling increases or minor adjustments in procedure.

4.1.2 Regulatory Authorities and Responsibilities

Berkeley taxi regulations are Chapter 9.52 ("Taxicabs and Automobiles for Hire") of the Municipal Code. All provisions of this Code are enacted or revised as city ordinances by majority vote of the elected City Council following a standard public hearing and review process. As in Oakland, the Council may establish or change rates, terms of service, the allowable numbers of taxis and operating firms, and whatever other legal provisions it deems in the public interest. There is no appeal authority.

4.1.3 The Former Regulatory Code

Although the former taxi ordinance was extensive, only a few provisions are of major importance in the regulatory change.

New Permits. The former ordinance permitted the Council to specify (via enabling resolution) the number of taxi firms (nine in 1979) which could operate in Berkeley, and similarly to restrict each company to a maximum number of (25) taxi permits. There was no limit on the total number of permits other than the implicit $25 \times 9 = 225$. New firms could be added at the rate of one per year. New individual taxi permits could be authorized by the Director of Finance without Council action, so long as the owner (firm) had been previously authorized by Council and the firm's total number of taxis did not exceed 25.

Rates. Rates were set at a maximum 80¢ for trips up to 1/9 mile plus 20¢ for each additional 2/9 mile. Individual firms could charge less, and change their rates twice a year.

Fees. The filing fee for a taxi application was \$50 and the annual taxi stand fee was \$100 per stand.

Owner-Operator Relationships. Cab rentals (i.e., daily gate leases) from an owner to a driver were specifically prohibited. Consequently employee/employer and split-gate methods were most common.

Services. Only exclusive-ride service was permitted, with fares determined by taximeter. Specific exceptions were permitted only for certain flat-fare trips to the football stadium and race track.

Inspection. There was no clearly-defined requirement for periodic inspection to assure minimum safety and comfort standards.

4.1.4 Administrative Procedures

Berkeley taxi administration differs only slightly from the Oakland procedures. Annual business licenses are issued as for all other businesses; since 1978 the rate for taxicabs has been \$125 per cab. Nonpayment may be grounds for loss of the right to operate, although this has not been strictly enforced.

Berkeley, in contrast to Oakland, places no requirements on taxi drivers. No permits are required, and no checks are made on felony convictions or driving record.

As in Oakland, budget pressures severely limited the level of attention which could be given to the taxi industry by Berkeley city staff. One Planning Department member was responsible for all transportation planning, including taxi service review and regulation, and there was no taxi detail in the Police Department. This amounted to a sort of de facto deregulation since the city had almost no way to enforce the taxi ordinance. The only enforcement practice was an individual effort by the city's license administrator to spot-check taxi operators (particularly at the race track) periodically to assure that all were licensed. It should be noted that 87% of Berkeley taxi permits were held by firms operating in Oakland, so Berkeley benefited from Oakland regulatory efforts.

4.1.5 Forces Leading to Change

As in Oakland, by the fall of 1979 it had been several years since the last fare increase. Operators (most of whom were principally Oakland taxi firms) were complaining and service quality was declining visibly. Then Yellow Cab suffered a strike and soon went out of business, as described in earlier chapters.

The resulting shortage of taxi service led the Berkeley City Manager to declare a state of emergency, which by ordinance permitted all existing taxi operators to double their number of permits. However, because of a lack of capital as well as of confidence in future profitability, the operators did not increase their fleets at all.

Within about a month after Yellow's demise the Oakland taxi rates were raised dramatically. This new imbalance in rates between the two cities encouraged operators to focus their resources on the much more lucrative Oakland market. However, the Berkeley City Council felt it unacceptable to raise rates so steeply without any offsetting benefits to the public, and delayed consideration of a rate increase until a more comprehensive ordinance revision could be developed.

This effort took several months of staff work. It involved the Planning Department's transportation planner and the Berkeley Transportation Commission, an advisory body whose members were appointed on a one-for-one basis by the City Council members. During this time at least two cab companies made urgent requests to the City Council for a fare increase. One of these finally announced that if a rate increase were not forthcoming within one month, it would go bankrupt.

This last urgent request appears to have moved the Council to action, for a rate increase was then passed quickly--to the surprise of the staff members then working on the regulatory reform which was to have been passed concurrently with the rate increase. The regulatory change itself was not passed for another three months.

4.2 THE REGULATORY CHANGES

4.2.1 Chronology of the Changes

The principal events leading up to the Berkeley rate and regulatory changes are documented in Table 4-1. In contrast to the Oakland experience, as the table indicates, the Berkeley efforts were much more protracted. Several ideas were considered but not included in the final ordinance. These include a 25% limit on the percentage of permits which can be held by any one company, incentives for energy conservation, and an attempt to pursue coordinated taxi regulations among neighboring cities.

4.2.2 The Specific Changes

Rate Change. All restrictions on rates were dropped retaining only the limitation that each firm file its rates with the City and change them only in January and July of each year. In fact, virtually all operators simply switched to the new Oakland rates (see Table 4-2). In contrast to Oakland, however, no fuel price surcharge was enacted in Berkeley. Apparently such a provision was not considered, apparently because the complete removal of rate limitations seemed to provide similar flexibility to adjust to cost increases.

Prior to the change, fares were required to be determined by taximeter for all trips except certain fixed-fare trips to the

TABLE 4-1. CHRONOLOGY OF THE BERKELEY REGULATORY CHANGE

<u>Date</u>	<u>Event</u>
June-July 1979	Yellow Cab strike
August 1979	Yellow Cab goes out of business
September 25, 1979	Passage of Oakland rate increase Berkeley city manager authorizes "emergency" increases in taxi permits
November 20, 1979	Passage of Oakland open-entry provisions Berkeley city staff being work on regula- tory revision
February 1980	Formal request for rate increase, from one cab company to Berkeley city council
March 1980	Urgent request from a second taxi firm for rate increase, to Berkeley city council
March 15, 1980	Yellow Cab begins limited operations
April 22, 1980	Council passes taxi rate increase
May 27, 1980	Introduction of proposed taxi regulatory revision; first reeding and Council endorsement
June 12, 1980	Rate change (passed April 22) takes effect
July 17, 1980	Public hearing and council approval of the revised ordinance
October 9, 1980	Revised ordinance takes effect

TABLE 4-2. BERKELEY TAXI RATES*--BEFORE AND AFTER JUNE 12, 1980

	<u>Before</u>	<u>After</u>
Flag drop	\$0.80 (max.)	\$1.20 (max.)
Mileage included	1/9 mile	no mileage
Mileage rate per	0.20 2/9 mile	0.20 1/6 mile
Trips over 20 miles outside city	150% meter	same

*Rates charged by a few suppliers were marginally different.

Albany racetrack and the University of California football stadium on event days. The new ordinance still permitted fixed fares but dropped all reference to these specific trips, thereby opening the possibility of an operator electing to submit a totally non-metered (e.g., zone-to-zone) rate structure if desired. None has done so.

Other Regulatory Changes. The comprehensive ordinance revision adopted on July 17, 1980 contained a wide variety of changes. As presented to the Council, the significant changes may be grouped into three categories: revenue, administration, and service.

The revised ordinance increases City revenue in two ways:

1. Raising the Operator (i.e., owner) Filing Fee from \$50 to \$100. This is per company, not per cab.
2. Raising the Taxicab Stand Fee from \$100 to \$200.

Several administrative changes were included:

1. Elimination of the limit on the number of cab companies (9) allowed to operate in Berkeley. This constituted a true opening of the market, similar to the Oakland regulatory change.
2. Removal of the prohibition on lease cab operations. This merely recognized a standard industry practice.

The prior limitation of 25 permits per company was also continued.

In addition to standard exclusive-ride service, the new ordinance added two other types: shared-ride and fixed-route. Shared-ride was defined as the non-exclusive use of a taxicab by two or more unrelated passengers, travelling between different points of origin and/or destination and in the same general direction. Fixed route service amounted to a "jitney" mode, with deviation of up to 1/8 mile from a fixed route at passenger request. It could be either an exclusive-ride or shared ride service.

None of these services was required, and no incentive or coercion was provided to encourage operators to add either of the newly-approved services.

Fares for shared-ride service were required to be set either by meter or a fixed-rate structure (as for exclusive-ride service, described earlier in this section). Apportionment of meter fares among the unrelated passengers was left open, with each firm required to file its method for approval before offering this service. Fixed-route fares were to be a flat amount per person, also filed for approval before offering the service.

Several other miscellaneous changes were also made. For the first time, the Berkeley ordinance specifically required a safety inspection for each cab. To minimize City staff involvement, the ordinance allowed satisfaction of this requirement either by presentation of proof of successful inspection in some other city (e.g., Oakland) or by inspection of authorized State Light and Brake Inspection Stations. No inspection procedure or standards were specified, and the inspection was required only once rather than annually for each cab.

The new ordinance also required that conveniently carried (i.e., folding) wheelchairs be transported at no charge, and prohibited service discrimination on the basis of race, creed, color, age, sex, sexual orientation, national origin or physical disability.

4.2.3 Implementation

Rate Change Implementation. Contrary to expectation, since the service reforms had been in preparation for several months, the Council authorized the full removal of rate limitations with minimal discussion on April 22, 1980. Most cabs operating in the city were affiliated with Oakland companies which had been charging the higher rates authorized by that city since autumn of 1979. Consequently the rate change in Berkeley had been anticipated both by operators and patrons, and occurred quickly with no special preparation. Virtually all operators simply filed to use Oakland rates.

Implementation of the Remaining Provisions. The full taxi ordinance revision was enacted on July 17, 1980 and went into effect on October 9, 1980. However, virtually nothing changed; in particular, there was no deluge of applications for new cab permits as there had been in Oakland. The City took no special action to implement the change other than to begin applying the new fee schedule.

Effectiveness of the Implementation Process. Since so little actually happened, there is little to evaluate for effectiveness. The rates changed without inspection or other intervention by the City, and the other regulatory changes required no action. Likewise, the taxi companies simply adjusted their rates and made no other changes.

4.3 EFFECTS OF THE REGULATORY CHANGES

4.3.1 Taxi Industry Size and Structure

Table 4-3 shows the taxi firms doing business in Berkeley two years after the regulatory changes. Four are firms which began operations after December 1980, when Berkeley was considering regulatory changes. Two of the new firms also operate in Oakland, including the large operator Bay Area Cab. Three firms which were in business before the changes are no longer in business. Of these one medium-size company (Reliable) was an Oakland operator; a second medium-size company (Arrow), also an Oakland operator, sold its operations to Bay Area Cab in early 1982. There are now 11 taxi companies operating in Berkeley, compared to nine in late 1979.

As in Oakland, most of the growth in permits is due to the entry of the new firm, Bay Area Cab. With Bay Area's acquisition of Arrow, large firms now have 83% of the permits in Berkeley, compared to 67% in late 1979. It is not clear that this shift should be attributed to open entry, since Arrow's owner is said to have sold the business only after deciding to retire. Bay Area is working hard to retain Arrow's partonage, which is described as based on long years of good service. Another change which parallels events in Oakland is the shift to leasing, which was previously illegal in Berkeley.

TABLE 4-3. BERKELEY TAXI PERMITS BY FIRM, JULY 1982

<u>Company</u>	<u>Permits</u>
Yellow	25
Associated	24
Bay Area*	22
Checker	4
AAAA*	2
Blue & White	2
Taxi Unlimited	2
Zina	2
Berkeley	1
Spicer*	1
Sudoc*	<u>1</u>
Total	86

*Firms entering after December 1979

4.3.2 Fares and Pricing Practices

Removal of limitations on rates was a key aspect of the Berkeley regulatory change. Although its intent was to permit the market to determine the fare through price competition, no such competition has in fact resulted. Since 86% of the cabs operating

in Berkeley are also licensed to operate in Oakland, the operators simply changed immediately to the Oakland rates. The few smaller operators not cross-licensed in Oakland elected to adopt essentially the same rates. For example, Taxi Unlimited charges \$1.00 drop and \$1.20 per mile.

The new Berkeley ordinance permits operators to file rate changes only twice a year (January and June). A flat trip surcharge could legally be added, to match the level of the Oakland surcharges, but no operator has done so.

4.3.3 Taxi Operating Practices

There have been no major changes in taxi operating practices resulting from the ordinance revision. The new firms (which operated only 19% of the cabs until Bay Area's recent acquisition of Arrow) have tended to provide somewhat newer and better-maintained vehicles than the prior operators. Dispatching procedures are unchanged. As already noted, leasing is now more prevalent than it was. Since the vast majority of cabs also operate in Oakland, the remarks made earlier about Oakland operating practices apply to Berkeley as well.

Perhaps most significantly, no operators have elected to offer the newly-authorized shared-ride or fixed-route services. The City has attempted without success to interest both taxi firms and local van operators such as the San Francisco Jitney Association and contract providers of door-to-door handicapped and elderly transportation. Interviews with taxi owners revealed a universal skepticism for any such services which involve lower fares and thus require higher volume in order to gain the same revenue. Their reasoning is that such options involve more work, mileage, cab wear, and possibly long and costly trial-and-error to find an effective rate structure, and also require faith that patronage for such services will be drawn from a new and broader population group rather than only their existing customers. They feel that they cannot afford such a risk.

In a separate effort, the City and the University of California sought and won a grant from the U.S. Environmental Protection Agency in early 1981 to investigate the feasibility of a variety of transportation experiments. The City has also obtained a state grant to plan and carry out a six-month jitney (i.e., fixed-route) trial. Planning is now under way, and present tentative plans are for one or more vans to be leased and provided to a private firm by the end of 1982. With the incentive of no capital risk, several taxi firms and the San Francisco Jitney Association have expressed interest in operating the new service under the provisions of the revised taxi ordinance.

At one point, the former manager of Bay Area Cab tried to set up a shuttle service which would operate between the Oakland/Berkeley

line and Pill Hill, a medical center complex in Oakland. Eventually the service would have been extended into Berkeley. It is not clear how this service could be provided under regulations in Oakland. The service never got off the ground, apparently because it required some cooperation among several operators, and the operators were never able to reach agreement. There have been no other indications of interest in providing fixed-route service, and no interest has been shown in offering shared-ride service.

Although the new ordinance doubled the annual fees for taxi stand permits (from \$100 to \$200), there have been no changes in the number of such stands. The additional cabs licensed under the revised ordinance have involved no new requests for taxi stands.

4.3.4 Level of Service

Since no accurate data could be obtained, changes in the level of taxi service could not be determined with confidence. However, a general but consistent picture evolved out of discussions with a variety of taxi operators and others. First, the number of taxis licensed to operate in Berkeley went up only slightly--from 75 to 86 in two years--in contrast to the very large increase experienced in Oakland. There was no flood of applications, as there had been earlier in Oakland, and no delay or difficulty in processing and approval of the few applications which were received.

As in Oakland, the increased competition (due to more cabs serving fewer riders) may have resulted in longer hours of service by at least some drivers attempting to maintain their income. However, neither this nor the increased number of cabs is likely to have led to a significant decrease in the response time perceived by any given rider, since all the new cabs were added by new firms. Once a rider selects a firm to call for a cab, there is little if any improvement in waiting time--particularly since cabs both before and after the ordinance change have not been so heavily used as to often be unavailable at the time of a call.

This judgement is clouded by problems of definition. Prior to the Berkeley rate increase, it is quite clear that most of the Berkeley-licensed cabs had shifted their operation to the other neighboring cities (notably Oakland) which had higher fares. Certainly, then, the rate increase did lead to an increase in service from that depressed level. However, that imbalance of rates was only a temporary situation, caused by the timing of the rate increases in the different cities. Thus the level of service effects of the ordinance revision should be based on the situation which existed before any of the recent round of rate increases in the East Bay cities. With this interpretation the judgement of "no effect," as reported above, seems sound.

Two aspects of service which may have improved are vehicle quality and driver courtesy. The remarks on both these issues made earlier in the Oakland case study should apply to Berkeley as well. To summarize briefly, there is a general consensus that vehicles are of somewhat better quality and better maintained, but considerable difference of opinion, and probably variation among firms, exists on the issue of driver courtesy.

4.3.5 Demand Characteristics

As in Oakland, no data were readily available on taxi use or rider characteristics. However, there is general agreement among those interviewed that overall ridership has declined "somewhat" due to the higher fares. (If and when either the newly-authorized shared-ride or fixed-route services are offered by any operator, an additional demand for these lower-priced services may emerge.) There is also no indication of any changes in trip purposes or user characteristics. Presumably the marginal losses in patronage reflect both a reduction in trips by some riders and a complete abandonment of taxi use by others.

4.3.6 Operator Productivity and Economics

Effects of the Berkeley ordinance change on taxi operators appear to have been similar to those in Oakland. The large increase in rates has been offset both by the resulting loss of patrons (however small or indeterminate) and by the increase in the number of taxis. None of the owners of other firms interviewed reported a changed financial condition as a result of the Berkeley regulatory changes. The one medium-size operator whose taxi business failed was understandably unenthusiastic about the effects of the changes. All other operators, including two small ones, felt that business was about the same as always.

4.3.7 Cost of Taxi Industry Regulation

The revised ordinance has not significantly increased the City's administrative costs. Because of severe budget constraints, no additional costs could have been borne by the City in any case. The same number of personnel still spend the same (very limited) number of hours. Even if more administrative funds could have been provided, the ordinance changes did not significantly increase workload since no real changes in the industry's operation occurred.

4.3.8 Attitudes and Awareness

The situation both before and after the ordinance change was generally similar to that reported for the Oakland case. This topic has not been one of great visibility or controversy among City officials or the general public. The one attitudinal difference between Oakland and Berkeley has been in the Berkeley administrative staff's hope and attempt to stimulate new forms of taxi service and thereby increase the range of mobility options available to the public. Although this attempt has so far proven unsuccessful, it is notable in its initiative and enthusiasm.

5. CONCLUSIONS AND TRANSFERABILITY

5.1 OVERALL EFFECTS

The Oakland package of a large rate increase and removal of restrictions on supplier entry appears to have had the desired effect: It led to a major increase in the supply of taxi service, it achieved public acceptance, and it reduced political involvement in taxi regulation. Some older operators may have been put out of business by increased competition; however, new operators have entered the market and appear to be doing okay. The combination of open entry and economic hard times appears to be causing the number of owner-operators (including many working under established umbrella companies) to grow. It is possible that unchecked growth could eventually lead to increased financial difficulties for the companies. The public appears to have benefited somewhat, primarily in the condition of vehicles used as taxicabs. A recent increase in passenger complaints to the police about drivers may be indirectly related to open entry, in that open entry catalyzed a shift to leasing, resulting in limited company control over driver conduct.

In general, the overall effect should be transferable--that is, achievable in other cities. Several factors differing from city to city may nonetheless be significant. Oakland's nearness to the larger San Francisco taxi industry may have been a factor in achieving the very high level of new taxi permit applications and the ability of so many of these new permittees to finance, organize, and implement effective operations. Oakland's large taxi-fare subsidy program may have been effective in limiting both the loss of patronage and also the public's opposition due to the rate increase. Any finally the extreme deterioration of taxi service prior to the change may have created an unusual opportunity for a successful rate and regulatory change of this magnitude.

The principal lessons from the Berkeley experience are somewhat different. There the supply of service also increased after the rate increase was authorized, but the delay in its enactment--some nine months after Oakland's--exacerbated rather than relieved Berkeley's shortage of service during that period. In addition, service increased only slightly from the previous level. Both of these results arose from a combination of the delayed ordinance revision and the inherently subordinate role of the Berkeley taxi industry and market with respect to that of Oakland. Thus the Berkeley result was a forceful example of the strong interaction

between the taxi services of a larger and a neighboring smaller city. In this case, Berkeley's attempt to resist that larger city's influence failed, and similar results may be expected elsewhere. In addition, Berkeley's attempt to encourage taxi operators to provide new types of taxi service (shared-ride and jitney) has so far been unsuccessful. This too is partly due to its reliance on a "foreign" (Oakland-based) taxi industry. However, even more important was Berkeley's inability to create either positive or coercive incentives for operators to start offering the newly-authorized services. The use of public "seed money," in the form of a just-received state grant to lease jitney vans for a six-month trial lease to a private operator, may alter this result; otherwise no change is anticipated.

5.2 MAKING THE CHANGE

5.2.1 Enactment

In Oakland, the City Council was able to move extremely quickly to develop and enact the program. This is especially interesting since no such change had been considered or studied prior to the Council's initial action. This rapid action is due in part to the crisis situation which had developed with Yellow Cab's failure, but in larger part seems attributable to the straightforward way in which the Council approached the problem. No innovations in taxi service or other aspects beyond the problem at hand were considered, such that the enactment was seen not really as regulatory reform but rather as a direct and tightly focused problem-solving effort. This served to simplify the process by limiting the range of debate and preserving consensus. This approach may be appropriate elsewhere, and should be particularly useful when quick action is needed.

In contrast, the Berkeley rate increase and other regulatory revisions were developed and considered over a period of some nine months, and the final regulatory changes did not take effect until after a full year. This lengthy process can be attributed to several factors. The main ones seem to be a quite reasonable desire to first determine the effects of the Oakland regulatory change, a reluctance to grant a rate increase without any improvement in service, and the difficulty of designing effective service improvements to attach to the rate increase. In the end, only a weak package of authorizations--not requirements or effective incentives--for new types of service was enacted.

With the benefit of hindsight, it may be concluded that a faster and less labored ordinance revision would have restored taxi service much more quickly; consideration of service changes could

have been undertaken later. This would have also prevented the further loss of service which Berkeley apparently suffered during the long period in which rates were much lower than in the surrounding cities. This is not a criticism of the Berkeley approach for it is only through such bold attempts that important lessons may be learned for the benefit of others.

5.2.2 Implementation

In both cities, the regulatory changes were put into effect very quickly with a minimum of cost and procedural problems. Because of the simplicity of the regulatory changes, no new staff were added and no special problems were encountered. In Oakland, there were some initial delays in processing of applications, but this was quickly overcome. In view of the extreme administrative staff shortage in both cities, this smooth implementation should be possible elsewhere.

5.3 TAXI SERVICE SUPPLY AND QUALITY

The increase in the number of taxicabs in service in Oakland appeared at first to have been largely self-regulating. Although there was a very large number of applications starting immediately after the regulatory change, actual mobilization of new cabs occurred much more gradually. However, the number of cabs continued to increase. After about a year under the new regulations, reports began to appear indicating substantial and growing hardship among operators due to the apparent oversupply of cabs. A year and a half later, however, despite failures of some firms, the number of active permits had grown still further, new entrants had replaced the failed companies, and the industry appeared to be in reasonable economic condition. The quality of taxi service to the public has improved in the opinion of some observers. Most observers agreed that the quality and maintenance of taxi vehicles has improved somewhat.

In Berkeley the supply of taxi service has increased only slightly. One reason may be that Berkeley retained a limit of 25 permits per company, so the largest companies could not expand in Berkeley as they did in Oakland. The new level was reached very quickly, primarily as a result of one new company, and did not change significantly after that. Service quality in Berkeley has presumably closely paralleled that in Oakland.

5.4 INNOVATIVE SERVICES

No operators took advantage of Berkeley's authorization of shared-ride or fixed-route services. Despite some attempts by the City to interest some providers, taxi operators remained skeptical about the financial benefits of offering such services. It appears that some form of financial incentive or risk underwriting may be necessary to induce taxi operators to experiment with new services.

The lessons for other cities are unclear. Open-entry and a fare increase led to an increase in the quantity, and perhaps the quality of service. In the process there has been considerable change in taxi providers and their methods of organization. Whether the same effect could have been achieved in a more controlled fashion, with less hardship to particular companies and drivers, is impossible to say. It may be that most of the changes which occurred came about for broader reasons, such as are affecting the taxi industry throughout the United States.

5.5 TAXI USERS

The 50% rate increase does not appear to have led to any major ridership loss or public opposition.

Public opposition to a large rate increase was probably muted in both cities by the prior "crisis" situation in taxi supply caused by Yellow Cab's failure. In addition, if the prevailing opinions concerning ridership changes are correct, it appears that taxi users were surprisingly insensitive to the rate increase. This seems to indicate an extreme lack of alternatives for most of the taxi patrons. However, the rate increase may have increased the use of the subsidized fare programs for elderly and handicapped persons. If so, this amounts to a public subsidy of the rate increase.

Transferability of this conclusion may be significantly limited by the specific circumstances of the Oakland and Berkeley regulatory changes. First, the rate increase was preceded by a major loss of taxi service due to Yellow Cab's failure, thus creating a crisis atmosphere. Second, there had not been a significant rate increase in almost five years. Third, the market for taxi service in Oakland had shrunk over the years to a level which may represent almost entirely nondiscretionary trips. Such taxi uses would not be very sensitive to a rate change despite financial hardship to many of the users. Fourth, the rate increase was linked to the open-entry policy which resulted in a gradual improvement in the availability and quality of taxi service, thus to some degree offsetting the higher cost. And, finally, the presence of a high-discount, large-scale taxi user-side subsidy program (for some of its main user groups, the elderly and handicapped) may also have moderated both vocal opposition and ridership losses.

The impact on taxi users of open entry has been minimal. Compared to the crisis situation when the changes were implemented, the situation is definitely improved for users. Whether service quality is better than it would have been had some more conventional means of restoring service been chosen, is not clear. On the other

hand, open-entry has not led to service problems from the sort of irresponsible operations which opponents often claim result from open entry.

5.6 TAXI OPERATORS

5.6.1 Financial Effects

Did the rate increase, combined with open entry, allow taxi firms to achieve a more secure financial position? Compared to the difficult situation in the months immediately preceding the changes, the answer appears to be a qualified "yes". At the time of the changes, Yellow had already ceased operations, fares had been constant for five years despite high inflation, and the situation was widely perceived as critical.

Some firms did go out of business, but others entered the market. Most operators interviewed two years and eight months after open entry claimed that business was okay. None of the operators felt another rate increase was needed. Drivers, at least for some companies, may have suffered a loss of income due to increased competition. The taxi companies may be preserving their financial position by having adopted the leasing form of operation, which provides a certain amount of protection from the ups and downs in the market. In the year following the changes, there were numerous reports of operators and drivers experiencing great financial hardships due to the increase in the Oakland taxi supply.

The lesson for other cities appears to be that open entry is compatible with a financially sound taxi industry, as long as rates are high enough. Open entry is also likely to put suppliers through a period of readjustment, including possible failure of weaker companies.

5.6.2 Industry Structure

The relaxation of entry regulations led to an increase in the average size of taxi firms, and tended to favor dispersed forms of ownership such as owner-operator associations and leasing operations. The percentage of permits associated with large operations in Oakland increased from 62% before open-entry to 82% two years and eight months later. In Berkeley, the corresponding percentages are 67% and 83%.

Virtually all new applicants were associated with relatively large dispatching operations. The open-entry policy's introduction also led to creation of two new taxi firms of substantial size; one of these is now the second largest in Oakland and the third largest in Berkeley. In addition, one established owner-operator association expanded its size greatly and became the city's largest operator. Very few applicants (or actual new operators) indicated

an intent to operate independently with only one or a few cabs. This seems to be a reasonable risk-limiting response to an expected highly competitive situation, since association with a large dispatching organization could provide much greater access to the market.

The only established operator to take advantage of the open-entry policy by making a major expansion was the largest owner-operator association. Apparently the other firms, which were almost all centrally owned, were unable to finance any such expansion. The only centrally owned firm requesting a substantial number of new permits was Yellow Cab Company, which reorganized as a leasing company, with dispersed ownership of the vehicles. The central company no longer pays for maintenance, insurance or permit fees. All in all, the combination of risk and capital requirements tended to discourage the participation of large centrally owned ventures, either new or existing, and the same factors encouraged individual investors (owner-operators) to join larger dispatching and support organizations to improve their competitiveness.

These developments are similar to trends in the taxi industry nationwide, where the causes include rising costs for insurance, gasoline and vehicles, combined with high interest rates and an increasing awareness of the advantages offered by leasing. Without the changes in entry regulations, such changes in industry structure might have taken longer to occur in Oakland and Berkeley, and might not have been as dramatic.

5.6.3 Productivity

Productivity of taxi operations, as indicated by measures such as passenger-miles or trips per cab, shift, or unit of operating cost, may have declined slightly.

The effects of the Oakland and Berkeley regulatory changes on taxi industry productivity are uncertain but probably very small in size. Offsetting factors are at work here. On the one hand, because of the increase in the number of taxis relative to trip demand, each taxi is carrying fewer passengers per day and possibly per unit mile of total paid and unpaid travel. On the other hand, the most inefficient operators may be withdrawing from competition. As a result the magnitude of any new change in productivity is clearly small.

5.7 ADMINISTRATION

The Oakland and Berkeley revisions did not substantially increase or decrease the administrative costs of either city.

The former methods of taxi regulation involved very little administrative effort. Principal activities were the routine

handling of permit applications and the annual renewals of those permits plus business licenses. This took only a fraction of one person's time. Enforcement involved most of one police officer's time in Oakland; because of budgetary constraints there has been essentially no enforcement in Berkeley except for some spot inspections by the city license administrator. The new form of regulation increased the administrative workload slightly because the number of cabs and drivers increased; tasks remained essentially the same. Enforcement remained at the same levels simply because of continuing budget constraints, although the presence of more cabs would otherwise have increased the need for officers to enforce the ordinance.

This conclusion may not be fully transferable to other cities implementing similar regulatory changes. The very small-scale administrative activity is determined primarily by budget constraints, and cities elsewhere might well not be willing to forego active program administration and enforcement to the same degree. In such cases workloads would rise roughly proportionally to the overall fleet size increase. This might, however, be at least partially offset by the increased city revenues from permits and license fees.

5.8 THE GASOLINE SURCHARGE

The incremental gasoline price surcharge on taxi fares in Oakland (not in Berkeley) has proven to be easily administered and politically convenient. As an adaptation to a period of rapidly increasing costs which otherwise would have required frequent changes in the taxi ordinance's authorized rates, it has received only a limited test. Gasoline prices did rise for a period, so that the permitted surcharge reached a maximum of \$.35. By mid-1982, falling gas prices had brought the surcharge down to \$.10. Taxi operators feel that the surcharge is hard for passengers to understand, and a source of friction between drivers and passengers which causes more trouble (in arguments and lost tips) than it is worth. This attitude has prevailed at times when the surcharge was small, as it is now (July 1982), and as it was for the first few months of its existence. During both periods, most companies and drivers have elected to forgo the surcharge. When the surcharge reached \$.25, however, the general practice was to collect it. This history may be interpreted to say that the surcharge was not only successful in permitting taxi rates to rise when necessary, and without city council action, it also allowed the rates to fall, again without council action.

The gasoline surcharge was intended to eliminate the need for frequent city council consideration of further rate increases, which would clearly be a convenient political advantage. In this

regard the surcharge appears to have been a success. On the other hand, the City's initial attempt to shift the surcharge's administrative burden to the taxi operators proved unsuccessful. Both taxi operators and users accepted the surcharge as a fair means of covering an obvious increase in gasoline (and other) costs. The per-trip (instead of per-mile or per-dollar) basis of the surcharge encountered no opposition. Although a per-dollar basis might be fairer to short-trip users, it would be much more difficult to apply and is probably therefore impractical.

No attempt was made to determine whether the amount of the surcharge was too high or too low to match the actual cost per trip changes from gasoline price changes. The per-trip surcharge is equal to the increase in price of one gallon of gasoline. Therefore, if a taxicab gets, for example, 15 miles per gallon, then the surcharge is too high if a cab operates less than 15 miles to provide one passenger trip. This argument implies that the surcharge is probably a little too high. Since the present ordinance sets a 60¢ limit on the surcharge, the council may find it necessary to act on this issue whenever gasoline prices resume their upward trend.

The Oakland surcharge is a useful model for other cities, although they should give more careful consideration to determining the correct surcharge rate.

5.9 POLITICAL IMPLICATIONS

The regulatory changes were politically advantageous to the city councils, by reducing the need for their future involvement in potentially unpopular issues such as rate increases and allocations of permits among competing taxi operators.

As noted in the previous section, Oakland's gasoline surcharge provides an automatic means of raising and lowering rates as costs of providing service go up or down. This clearly reduces the frequency at which the council must face the prospect of taking highly visible responsibility for taking money (in this case higher taxi fares) from often poor constituents or from the operators. With the surcharge, the national economy or even foreign oil producing interests can take the blame for rate increases. Also, prior to the change in entry regulations, the council had to respond to petitions from specific operators who wished to enter or expand service on grounds of public convenience and necessity. This was very hard to judge, and could lead to a wide variety of accusations (e.g., incompetence, arbitrariness, favoritism) by political opponents. Since the accumulated petitions always exceeded any reasonable expansion of the existing permits in force,

a difficult allocation decision was required. This made the council vulnerable to damaging allegations of favoritism or even graft, whether or not any such misconduct in fact occurred. Open entry appears to have eliminated these political problems.

This is an important conclusion for other cities, and should be widely applicable. No elected city government can be expected to enact a regulatory change which predictably worsens its political risks. Conversely, a change which appears to reduce political risks previously endured is likely to be favored. The Oakland taxi regulatory changes of 1979 appear to fall in that category. In Berkeley the complete removal of restrictions on rates had a similar effect. Although the resolution of competing requests for licensing had not been a significant problem, the new, less restrictive entry policy prevented its occurrence in the future.

Other potential political risks arose from the Oakland and Berkeley regulatory changes. These included the prospect of criticism of the respective city governments due to the apparent taxi oversupply and resulting hardships to Oakland operators in the first year of open entry, the failure of the unusually comprehensive Berkeley ordinance revision to generate any new services, and the long delay in its development and passage. However, none of these is considered serious locally and would probably not be so considered elsewhere.

APPENDIX A
OAKLAND TAXICAB ORDINANCE



ARTICLE 14

VEHICLES FOR HIRE

SEC. 5-14.01 DEFINITIONS. For the purposes of this Article certain words and phrases are defined, and certain provisions shall be construed, as herein set out, unless it shall be apparent for their context that they have a different meaning.

SEC. 5-14.01(a) TAXICAB DEFINED. A "Taxicab" is an automobile or other auto-motor propelled vehicle used in the transportation of passengers for hire over the public streets of the City of Oakland and not over a defined route or upon a fixed schedule, which vehicle is equipped with a taximeter by which the charge is mechanically calculated.

SEC. 5-14-01(e) PUBLIC MOTOR VEHICLE DEFINED. A "public motor vehicle" is any "taxicab," "limousine," "sight-seeing bus," "motorbus," any vehicle used in a "motorcycle escort service" as herein defined, or any "private ambulance," other than a private ambulance operating in the City of Oakland solely pursuant to a contract with the County of Alameda to provide emergency ambulance services. (As amended by Ordinance No. 9388 C.M.S., passed November 23, 1976)

SEC. 5-14.01 (f) OWNER DEFINED. An "Owner" is any person, firm or corporation having proprietary control of, or right to proprietary control of, any public motor vehicle as herein defined.

SEC. 5-14-01 (g) DRIVER DEFINED. A "driver" is any person in charge of or operating any public motor vehicle, as herein defined, either as agent, employee or otherwise, under the direction of the owner, as herein defined.

SEC. 5-14.02 OWNER'S PERMIT TO OPERATE PUBLIC MOTOR VEHICLE. It shall be unlawful to operate any public motor vehicle in the City of Oakland unless the owner thereof shall apply for, and obtain, a permit so to do, which permit shall be applied for, granted and in existence, all in compliance with the provisions of Article 2 of this Chapter. The application for such owner's permit shall set forth, in addition to the requirements specified in Section 5-2.02 of this Chapter, the number of vehicles proposed and complete description of the vehicles proposed to be operated. In addition thereto, every application for an owner's permit to operate a motor bus shall set forth, in full, the proposed routes and schedules, and every application for an owner's permit to operate a taxicab shall set forth, in full, the color scheme and characteristic insignia to be used to designate the vehicles of said owner. Public notice shall be given as provided only for public motor vehicles other than taxicabs. The contents of such notice in addition to those specified in Section 5-2.04, shall include a statement of the kind and number of the vehicles to be operated and the nature of the proposed operations. The investigating official referred to in Section 5-2.03 of this Chapter, to whom the application shall be referred, shall be the Chief of Police. (As amended by Ordinance No. 9843 C.M.S., passed November 20, 1979)

SEC. 5-14.021 NOTICE OF HEARING ON APPLICATION. In addition to the notice required in Section 5-14.02, the City Clerk shall give a written notice of the time and place of hearing to all persons holding valid permits of the class requested by the applicant, at least three (3) days before the date of such hearing. This provision does not apply to taxicabs, since no hearings are required. (As amended by Ordinance No. 9843 C.M.S., passed November 20, 1979)

SEC. 5-14.022 ISSUANCE OF PERMITS FOR PUBLIC MOTOR VEHICLES. Any individual, partnership or corporation desiring to provide taxicab services, primarily to serve the taxicab needs of the City of Oakland, is entitled to apply for an Owner's Taxicab Permit. A separate owner's application and permit are required for each taxicab that the owner desires to operate pursuant to this code. Each permit application shall be accompanied by the appropriate fee specified in the Master Fee Schedule and shall be payable to the City of Oakland. (As amended by Ordinance No. 9843 C.M.S., passed November 20, 1979)

SEC. 5-14.03 ACTION ON APPLICATION FOR OWNER'S PERMIT TO OPERATE PUBLIC MOTOR VEHICLE. In addition to the grounds set forth in Section 5-2.05 of this Chapter upon which an application for an owner's permit may be denied, the Police Department shall deny the same if it shall appear to his satisfaction that such vehicle proposed to be operated is inadequate or unsafe; that the applicant has been convicted of a felony or the violation of any narcotic law or of any penal law involving moral turpitude; that the applicant's proposed color scheme, name, monogram, insignia, uniform or cap will be in conflict with, or imitate, any color scheme, name, monogram, insignia, uniform or cap used by any other person operating a public motor vehicle in such a manner as to be misleading or tend to deceive or defraud the public; that in case of an application to operate a motor bus, the proposed schedule is inadequate or that the proposed route is incompatible with expedient traffic regulations. (As amended by Ordinance No. 9843 C.M.S., passed November 20, 1979)

SEC. 5-14.031 RENEWAL OF OWNER'S PERMIT. Every owner's permit issued pursuant to Section 5-14.03 shall expire one (1) year after date of issuance, or renewal, unless the same is renewed for an additional period one (1) year by the Police Department. Application for such renewal shall be made in conformity with, and shall contain such information as may be required by, rules prescribed by the Chief of Police. (As amended by Ordinance No. 7801 C.M.S. passed May 7, 1968)

SEC. 5-14.032 TAXICAB AND AMBULANCE IDENTIFICATION EMBLEM. It shall be unlawful to operate any taxicab or ambulance in the City of Oakland unless there is displayed within the vehicle a Taxicab and Ambulance Identification Emblem issued by the Chief of Police. Such emblem shall be 4" by 4", mounted and facing forward from the dashboard of the vehicle in a position visible through the windshield of the passenger side of the vehicle. The Taxicab and Ambulance Identification Emblem shall set forth the name of the permittee, the name of the company under which the vehicle is operating, the year, make license number, vehicle identification number, assigned fleet vehicle number, City of Oakland permit number and permit expiration date.

The owner of a taxicab or ambulance shall obtain one Taxicab and Ambulance Identification Emblem issued by the Police Department for each said public motor vehicle to be operated in the City of Oakland, when, to the satisfaction of the Chief of Police, said owner is in possession of a valid City of Oakland permit for each said public motor vehicle, and the vehicle meets such inspection standards as the Chief of Police may require. Identification Emblems shall be renewed annually preceding the expiration date of the permit. Taxicabs and ambulances shall not be operated for hire until such time as all of the aforementioned requirements have been met. (As added by Ordinance No. 8973 C.M.S., passed March 21, 1974)

SEC. 5-14.04 SUSPENSION AND REVOCATION OF OWNER'S PERMIT TO OPERATE PUBLIC MOTOR VEHICLE. In addition to the grounds set forth in Section 5-2.07 of this Chapter upon which the City Manager may revoke or suspend any owner's per-

mit to operate a public motor vehicle, the City Manager shall have the power to so suspend or revoke the same for a violation of any of the provisions of this Code or any Ordinance relating to traffic or use of streets, or for a failure to pay any judgment for damages arising from the unlawful or negligent operation of the public motor vehicle for which the permit was issued.

SEC. 5-14.05 DRIVER'S PERMIT TO OPERATE A PUBLIC MOTOR VEHICLE. It shall be unlawful for any driver to operate any public motor vehicle in the City of Oakland unless there exists a valid permit so to do as herein provided. Application for such driver's permit shall be made to the Chief of Police, shall be in writing and in duplicate, and the original thereof shall be duly acknowledged before some person lawfully authorized to administer oaths. Such original shall be forthwith transmitted by the Chief of Police to the City Clerk. Said application shall set forth the name, age and address of the applicant, his past experience in operating automobiles, the name and addresses of his employers during the preceding period of three (3) years, whether or not a chauffeur's license issued to him by the State of California or any State or Governmental agency has every been revoked, the name and address of the owner by whom he is to be employed as a driver (which said owner shall endorse the said application), and such additional information as the Chief of Police may require.

SEC. 5-14.06 DRIVER'S PERMIT. PROCEDURE AND REQUIREMENTS. Upon application for a driver's permit and before it shall be issued, the driver, whether the owner or otherwise, must evidence a proficient knowledge of the traffic laws of the City of Oakland and of the State of California, and demonstrate his ability to operate a public motor vehicle, all to the satisfaction of the Chief of Police. Upon satisfying the foregoing requirements, said driver shall be fingerprinted by, and his record filed in the Police Department Bureau of Identification. Said driver shall also file with his application two (2) recent photographs (size 1 1/2 inch by 1 1/2 inch), one to be filed with his application and one to be permanently attached to his driver's permit when issued, which permit shall be posted in a place conspicuous from the passengers' compartment of the public motor vehicle while said driver is operating same. Every driver's permit issued hereunder shall set forth the name of the owner for which said driver is authorized to operate a public motor vehicle, and shall be valid only so long as he continues in the employ of such owner. Upon the termination of such employment, the said driver shall forthwith surrender his driver's permit to the Chief of Police. No such driver's permit shall be granted to any person under the age of twenty-one (21) years. Such driver's permit may be denied upon substantial evidence of facts of either physical or moral deficiencies of the applicant which, in the sound discretion of the Chief of Police, would render such applicant not a competent person to operate a public motor vehicle.

No such driver's permit issued hereunder shall be transferable in any event. (As amended by Ordinance No. 1006 C.M.S., passed July 20, 1939).

SEC. 5-14.061 DRIVER'S PERMIT - FEE. (Repealed by Ordinance No. 7801 C.M.S., passed May 7, 1968).

SEC. 5-14.062 TEMPORARY DRIVER'S PERMIT. The Chief of Police may, in his discretion, grant a temporary permit to drive or operate any public motor vehicle pending final action on any application for a permanent driver's permit as in this article provided for, but no such temporary permit may be issued to any person who does not have a chauffeur's license issued by the State of California. Said temporary permit shall authorize the holder thereof to drive

any such vehicle for a period of thirty (30) days when the holder thereof shall have such temporary permit in his immediate possession. (As added by Ordinance No. 2152 C.M.S., passed April 2, 1946)

SEC. 5-14.063 NOTICE OF CHANGE OF DRIVER'S ADDRESS. Every person holding a public motor vehicle driver's permit shall at all times keep the Chief of Police notified of his residential address. He shall notify the Chief of Police, in writing, of any change in said address within ten (10) days after such change is made. (As added by Ordinance No. 2152 C.M.S., passed April 2, 1946)

SEC. 5-14.07 SUSPENSION AND REVOCATION OF DRIVER'S PERMIT. The City Manager, and the Chief of Police, and either of them, shall have the power to revoke or suspend any driver's permit issued hereunder in the event the holder thereof shall be found guilty of a violation of any provision of this Article or shall be found guilty of reckless driving, or for the violation of any other provisions of this Code or other law; which violation, in the sound discretion of said official, shall be deemed sufficient evidence of the fact that said driver is not a competent person to operate a public motor vehicle. Such revocation by the Chief of Police, together with the reason therefor, shall be forthwith reported to the City Manager.

In the event of such revocation or suspension of a driver's permit, such certificate as may be issued in connection therewith shall be, by the holder thereof forthwith surrendered to the Chief of Police.

SEC. 5-14.08 RECORD OF PERMITS. Every official of the City of Oakland either sending or receiving from one not such an official any matter pertaining to any owner's or driver's permit issued under the provisions of this Article shall forthwith transmit to the City Clerk a copy of such matter if it is in writing (unless the original thereof is by the terms of this Article required to be filed with the City Clerk), or otherwise a written memorandum concerning same, and all such documents shall be placed on file by the City Clerk with the application pertaining to such permit.

SEC. 5-14.10 MOTOR VEHICLE LIABILITY POLICY REQUIRED. It shall be unlawful for any owner to drive or operate, or cause or permit to be driven or operated, any public motor vehicle in the City of Oakland unless such owner shall have placed on file with the City Clerk a written certificate or certificates of a responsible and solvent corporation holding a certificate of authority to do business in the State of California, or by an authorized Surplus Lines Broker that there has been issued to or for the benefit of the owner, a motor vehicle liability policy or policies which at the date of said certificate or certificates are in full force and effect, and designating therein that any and all public motor vehicles which may be driven or operated under any permit granted to such owner under the provisions of this Article are or will be covered under said policy or policies. (As amended by Ordinance No. 1236 C.M.S., passed December 12, 1940)

SEC. 5-14.11 CONDITION OF MOTOR VEHICLE LIABILITY POLICY AMOUNTS. The motor vehicle liability policy required under the provisions of Section 5-14.10 of this Chapter shall insure the owner, as defined herein, and any other person using or responsible for the use of any such vehicle, with the consent, express or implied, of such owner, against loss from liability imposed upon such owner by law for injury to, or death of, any person, or damage to property growing out of the maintenance, operation or ownership of any public motor

vehicle, to the amount or limit of \$100,000 on account of injury to or death of any one person, and subject to the same limit as respects injury to or death of one person, of \$300,000 on account of any one accident resulting in injury to or death of more than one person, and of \$50,000 for damage to property of others, resulting from any one accident. (As amended by Ordinance No. 9495 C.M.S., passed July 5, 1977, effective July 1, 1977)

SEC. 5-14.12 MOTOR VEHICLE LIABILITY INSURANCE. CANCELLATIONS.

CONTINUING LIABILITY. Every certificate required under the provisions of Section 5-14.10 of this Chapter shall certify that the motor vehicle liability policy or policies therein cited shall not be cancelled except upon ten (10) days prior written notice thereof to the City Manager. Said motor vehicle liability insurance shall be a continuing liability up to the full amount thereof notwithstanding any recovery thereon, and said certificates thereof shall so certify. All motor vehicle liability policies and all certificates thereof shall be subject to the approval of the City Manager in any and all matters, and if at any time, in the judgment of the City Manager, said motor liability policies are not sufficient for any cause, said Manager may require the owner of such public motor vehicle who filed the same to replace said motor vehicle policies within (10) days with other policies in accordance with the provisions of this Article. If said owner fails to replace said motor vehicle policies within said ten (10) day period with good and sufficient policies as aforesaid, then at the termination of said period the owner's permit issued hereunder shall be by such failure automatically suspended until such time as said requirement is complied with, and the Chief of Police shall enforce such suspension. Such certificate of insurance shall be presented to the City Attorney and approved by him as to form. (As amended by Ordinance No. 1236 C.M.S., passed December 12, 1940)

SEC. 5-14.13 TAXIMETER. Every taximeter used by any taxicab in the City of Oakland shall be of a type and design approved by the Chief of Police and shall be so located in the vehicle as to render the figures visible to the passengers. No other fare shall be charged than is recorded on such taximeter. Such taximeter shall be subject to inspection from time to time by the Chief of Police or his authorized representative, and the Chief of Police shall compel the owner to discontinue the operation of any taxicab in which the taximeter is found to calculate inaccurately, until such taximeter shall be replaced with one approved by the Chief of Police, or shall be adjusted to his satisfaction.

SEC. 5-14.14 TAXICAB COLOR DESIGN. Every owner operating a taxicab in the City of Oakland shall adopt a characteristic color scheme and shall use the same on all vehicles operated by it. No change whatever in the color scheme or distinguishing characteristics of any taxicab shall be made without written permission from the Chief of Police, and it shall be unlawful for any person soliciting patronage for any public motor vehicle to represent, by word or sign or insignia or accoutrements, that the public motor vehicle for which he is soliciting such patronage is a vehicle owned or operated by other than actual owner.

SEC. 5-14.141 DRIVER'S IDENTIFICATION. Every operator of a taxicab or sight-seeing bus, while in the course of his employment and while outside his taxicab or sight-seeing bus, shall wear a distinctive hat or cap with an appropriate insignia in plain sight identifying his employment with the name or fictitious company name under which the owner operates. (As amended by Ordinance No. 8807 C.M.S., passed May 17, 1973)

SEC. 5-14.15 TAXICAB SIGNS. Every taxicab operated in the City of Oakland shall have painted upon the side of said cab the name of the owner or the fictitious name under which the owner operates, together with the number of the permit granted to said owner in accordance with the provisions of this Article. The lettering of same, and all signs to be displayed on any taxicab, shall be subject at all times to the approval of the Chief of Police. Every driver, while operating any taxicab, shall at all times maintain the flag attached to the taximeter in such a position as to correctly denote whether said vehicle is or is not employed, and shall at all times place the flag of such taximeter in a nonrecording position at the termination of each and every service.

SEC. 5-14.151 OWNER'S IDENTIFICATION AND RATES TO BE DISPLAYED IN VEHICLE. Every taxicab and limousine shall have conspicuously displayed in full view of the passenger or passengers a card not less than two by four inches (2" x 4") in size which shall have stated thereon the name of the owner, or the fictitious name under which the owner operates, together with the business address and telephone number of said business, and the owner's identifying number of such vehicle, and also the rates of fare to be charge for the use of such vehicle. (As amended by Ordinance No. 8049 C.M.S., passed October 28, 1969)

SEC. 5-14.152 (REPEALED BY ORDINANCE NO. 8049 C.M.S., passed October 28, 1969).

SEC. 5-14.16 PUBLIC MOTOR VEHICLE STANDS. The Traffic Engineer may upon the written application of any taxicab, or sightseeing bus owner, permit such owner to allow any vehicle operated by him to stand at certain places designated for said owner while awaiting employment. Such application shall state the number and kind of vehicles for which the permit is sought and the proposed location of such stands. Such application must be accompanied by the written consent of the person primarily affected by reason of the fact that such vehicle shall stand in front of the premises either owned or occupied by him or in which he is otherwise interested. Not more than (3) such vehicles shall be permitted to stand upon either side of a street within the limits of any one block. No permit shall be issued for any stand to be located within seventy-five (75) feet of another such stand on the same side of any street, nor shall more than two (2) stands be granted to any owner for each licensed public motor vehicle. No owner shall permit any vehicle operated by him, and no driver shall cause any such vehicle to stand while awaiting employment at any place other than a stand for which a permit has been granted to him as herein provided; and not more than one (1) such vehicle shall be so permitted or caused to stand in any one stand at any time; except, however, that where in the discretion of the City Manager, public conveniences so required, two (2) such vehicles shall be permitted or caused to stand in any one stand.

It shall be unlawful for the driver of any vehicle, other than the driver of a public vehicle for which the stand permit has been issued, to park or leave standing such vehicle in any public motor vehicle stand. All such stands shall be distinctly identified as such. (As amended by Ordinance No. 9337 C.M.S., passed June 29, 1976)

SEC. 5-14.17 EXCLUSIVE USE BY PASSENGER. WINDOW BLINDS PROHIBITED. When a taxicab or limousine is engaged, the occupants shall have the exclusive right to the full and free use of the passenger compartment, and it shall be unlawful for the owner or driver of such vehicle to solicit or carry passengers contrary to such right; provided, however, that whenever the Chief of Police finds that public necessity temporarily requires the grouping of passengers in taxicabs or limousines

he may issue a special written permit, limited in time, which permit shall specifically set forth the rules and regulations under which such passenger grouping is permitted. It shall be unlawful for the driver of any taxicab or limousine to cause or permit any shade or blind to be drawn over any window of such vehicle while the same is occupied. (As amended by Ordinance No. 8049 C.M.S., passed October 28, 1969)

SEC. 5-14.171 DRIVER TO USE DIRECT ROUTE. The driver of a taxicab or limousine employed to carry passengers to a definite point shall take the most direct route possible that will carry the passengers safely, lawfully and expeditiously to said destination. (As amended by Ordinance No. 8049 C.M.S., passed October 28, 1969)

SEC. 5-14.18 ESTABLISHED RATES, RECEIPT FOR FARE. It shall be unlawful for the owner or driver of any taxicab or automobile for hire to demand or charge for such service any amount greater or less than the rates hereinafter set forth:

(a) Mileage Rate. Flag drop (which excludes mileage) - \$1.20; Mileage - \$1.20 per mile (\$.20 for each 1/6 mile); and Waiting Time - \$12.00 per hour (\$.20 for each one minute.)

(b) Surcharge Rate. A surcharge shall be added to each taxicab fare, in increments of \$.05, effective with the passage of this ordinance. When the cost of gasoline, as hereinafter defined, increases in increments of \$.05, the surcharge shall be increased by the same amount. The cost of gasoline shall be determined by the cost per gallon of tank and trailer bulk purchases of unleaded gasoline made by the City of Oakland. Such gasoline prices are to be logged and monitored by the Purchasing Department, Office of General Services. The surcharge shall be applied to each trip only. The surcharge shall not exceed sixty cents (\$.60).

(c) Implementation. An authorized representative of all taxicab companies, approved by the City Manager or his designated representative, shall check the Purchasing Department of the City of Oakland on the first working day of every month ascertain the cost of gasoline purchased by the City of Oakland. If the price of gasoline has increased by \$.05, said authorized taxicab representative shall submit a written notification to the City Manager, or his designated representative, requesting confirmation of an increase in the surcharge. Upon written approval by the City Manager, or his designated representative, the surcharge shall immediately become effective.

(d) Administration. Taxicab companies shall be responsible for the ongoing administration and appropriate posting of this surcharge. All surcharge rates changed by taxicabs shall be uniform and reflect currently approved charges. The penalty for charging in excess of the approved surcharge rate shall be revocation of the violator's taxicab permit.

(e) Senior Citizens Discount Program. A Senior Citizens Discount Program for taxicab rates is hereby established. This program authorizes a 10% discount to Senior Citizens possessing the City of Oakland's "Senior Citizens Gold Card," available through Volunteers for Oakland Program, Office of Personnel Services, City Hall, Oakland, California. This discount program will be solely administered by the taxicab companies. All taxicab companies are required to participate in this discount program. Senior citizens participating in other taxicab discount programs will be entitled to receive this discount. Double discounts, however, will not be permitted. Only one discount will be accepted for each fare.

(f) For limousine on a time basis, not more than thirty dollars (\$30.00) for the first two and one-half (2 1/2) hours or fraction thereof, and seven dollars and fifty cents (\$7.50) for each succeeding one-half (1/2) hour or fraction thereof, provided, however, the minimum charge on a mileage basis shall be \$30.00. Said rates,

as to time or mileage shall be computed from the time and place that said limousine is dispatched to the passenger until it is returned to the point of origin.

(g) The Council of the City of Oakland by resolution may approve lower rates from those heretofore established if said lower rates are set forth in a written agreement entered into between the owners of any taxicab(s) and organizations entities sponsoring programs benefiting persons over the age of sixty-five (65) and/or persons whose mobility is restricted as a result of a physical handicap. Agreements must be able to be easily monitored by the City and must result in the reasonable reduction of taxicab rates from those heretofore established to be charged to senior citizens and handicapped persons.

(h) The driver of any public motor vehicle, other than a motor bus, shall give a receipt, upon the request of any passenger, for the fare paid by such passenger. (As amended by Ordinance No. 9827 C.M.S., passed September 25, 1979)

SEC. 5-14.181 REFUSAL TO PAY FARE. It shall be unlawful for any person to hire any taxicab or limousine or to enter and obtain a ride in the same, and to thereafter depart from such taxicab or limousine without paying to the driver the legal fare. (As amended by Ordinance No. 8049 C.M.S., passed October 28, 1969)

SEC. 5-14.183 KEEPING OF WAYBILLS REQUIRED. The driver of every taxicab and limousine shall keep a separate waybill of every service rendered as such driver, which waybill shall include the following information: (1) Location where passengers entered vehicle; (2) Time of entry; (3) Number of passengers; (4) Location where passengers were discharged; and (5) Amount of fare collected. The owner of every taxicab shall keep said waybills in his office files for a period of ninety (90) days after date of service rendered, and the same shall at all convenient times be open to examination by any authorized representative of the Chief of Police. The falsifying of any waybill by an owner or by a driver shall be grounds for revocation of his permit. (As amended by Ordinance No. 8049 C.M.S., passed October 28, 1969)

SEC. 5-14.26 EMERGENCY PERMITS. The City Council may, in case of any public emergency or necessity, waive or modify by resolution any or all of the requirements of this Article pertaining to public motor vehicles, and may authorize and direct the City Clerk to issue a temporary permit for the operation of any public motor vehicle over and upon the public streets of the City of Oakland, without exacting any application fee or license fee therefore, to any person recommended by the Chief of Police, such permit to be revocable at any time, with or without notice, by the Chief of Police or by the City Council.

SEC. 5-14.261 TAXICABS FROM OTHER MUNICIPALITIES. The driver of a taxicab authorized to operate in any municipality other than the City of Oakland may transport passengers from such municipality to a destination within or beyond the City limits of the City of Oakland, provided that the driver of such taxicab shall not seek or accept passengers within the City of Oakland except upon the return trip to such other municipality, and then only at a point designated by the Chief of Police, and shall accept only passengers whose destination is directly to a point beyond the limits of the City of Oakland in the direction of the municipality from which such taxicab came. The requirements of this Article shall not apply to the owner or driver of such taxicab while it is operated in compliance with the provisions of this Section, and while similar privileges are granted, by the municipality from which such taxicab came, to the drivers of taxicabs authorized by other Sections of this Article to operate in the City of Oakland. (As amended by Ordinance No. 2152 C.M.S., passed April 2, 1946)

SEC. 5-14.27 ADDITIONAL VEHICLES. Any owner holding a permit to operate one or more public motor vehicles as provided in this Article who desires to add to the number of such vehicles shall do so only upon obtaining from the Chief of Police, permission therefor, which shall be granted only upon application made in the same manner and under the same proceedings as are required in this Article in the instance who desires of obtaining the original permit. Any owner holding a permit to operate one or more public motor vehicles as provided in this Article, who desires to substitute a different vehicle for a vehicle operated under such permit, shall do so only upon obtaining, from the Chief of Police, permission therefor, which shall be granted only upon written application setting forth the particulars of such proposed substitution, and upon otherwise complying with the requirements of this Article. The Chief of Police shall have the same authority in granting or denying such application for permission to add or substitute vehicles as is hereinbefore in this Article vested in him in the matter of original applications. (As amended by Ordinance No. 9843 C.M.S., passed November 20, 1979).

SEC. 5-14.28 MAXIMUM LOAD. It shall be unlawful to drive or operate any public motor vehicle in the City of Oakland while such vehicle is carrying or sustaining the weight of two or more persons in excess of the seating capacity thereof, according to the statement thereof contained in the application upon which the permit to operate such vehicle was granted, or to permit any passenger to ride upon the running board of such vehicle or to sit upon the fender or dash or doors thereof; provided, however, that firemen of the City of Oakland may ride free upon any motorbus, or any part thereof, on their way to or from fires along the regular route then being traversed. For the purpose of this section, children in arms shall not be considered as persons.

SEC. 5-14.30 DAILY OPERATION. Every person holding a permit under the provisions of this Article relative to public motor vehicles shall regularly and daily operate his or its licensed public motor vehicle business during each day of the license year to the extent reasonably necessary to meet the public demand for such service. Upon abandonment of such public motor vehicle service for a period of ten (10) consecutive days by an owner, the City Manager may conduct a hearing upon five (5) days' notice to the holder of said permit, and, unless good and sufficient cause for such abandonment is evidenced, revoke the said permit granted under the terms of this Article.

SEC. 5-14.34 SOLICITING PATRONAGE. It shall be unlawful for any person while soliciting or endeavoring to secure passengers, or freight or other custom for any public motor vehicle, or any vehicle for hire whatsoever, or any express wagon, or for any hotel, lodging house or boarding house, to be on any railway depot or passenger platform, pavement or walk provided for the use of railroad passengers, or between such platform, pavement or walk and any railroad train standing in front of such depot, or between any railway tracks over which passengers usually pass to or from such train.

No person shall solicit patronage for any hotel, vehicle or other business upon any railroad train, steamboat or public carrier or vehicle whatsoever within the corporate limits of the City of Oakland without first having obtained permission so to do from the owner, charterer, lessee, or managing agent of such owner, charterer or lessee, of such railroad train, steamboat or other vehicle.

APPENDIX B
BERKELEY TAXICAB ORDINANCE

AMENDING SECTIONS 9.52.060, 9.52.070, 9.52.080, 9.52.110, 9.52.120, 9.52.130, 9.52.140, 9.52.150, 9.52.160, 9.52.170, 9.52.180, 9.52.190, 9.52.200, 9.52.210, 9.52.220, 9.52.230, 9.52.240, 9.52.250, 9.52.260, 9.52.270, 9.52.280, 9.52.290, 9.52.300, 9.52.310, 9.52.320, 9.52.340, 9.52.380, 9.52.400, 9.52.410, 9.52.420, 9.52.430, 9.52.440, 9.52.450, 9.52.460, 9.52.470, 9.52.480, 9.52.490, 9.52.500, 9.52.510, 9.52.520, 9.52.530, 9.52.540, 9.52.550, 9.52.560, 9.52.570, 9.52.580, 9.52.590, 9.52.600, 9.52.610, 9.52.620, 9.52.630, 9.52.640, 9.52.650, 9.52.660, 9.52.670, 9.52.680, 9.52.690, 9.52.700, 9.52.710, 9.52.720, 9.52.730, 9.52.740, AND 9.52.750 OF THE BERKELEY MUNICIPAL CODE (SECTIONS 1.1-5, 1.1-6, 1.1-7, 2.1, 2.2, 2.4, 2.5, 2.6, 2.7, 2.8, 2.10, 2.11, 2.12, 3.1, 3.2, 3.3, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 5.1, 5.2, 5.3, 5.9, 5.10, 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.10, 7.11, 7.12, 7.13, 7.14, 7.15, 7.16, 7.17, 7.18, 7.19, 7.20, 7.21, 7.22, 7.23, 7.24, 7.25, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10 AND 8.11 OF ORDINANCE NO. 2800-N.S.) -- TAXICABS AND AUTOMOBILES FOR HIRE -- AND ADDING SECTIONS 9.52.760 AND 9.52.770 TO THE BERKELEY MUNICIPAL CODE.

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. That the Sections of the Berkeley Municipal Code and of Ordinance No. 2800-N.S., as hereinabove set forth in the title of this ordinance, are hereby amended to read as follows:

9.52.060. Operator, owner.

"Operator" and "owner" mean every person, firm or corporation having legal use, control or title of any motor vehicle as defined, whether as owner, lessee or otherwise. Terms are coterminous unless otherwise explicitly defined elsewhere.

9.52.070. Stand.

"Stand" means a portion of the street designated by the public works department for the sole use of taxicabs while waiting for employment.

9.52.080. Taxicab.

"Taxicab" means a motor vehicle of distinctive color or combinations of colors used in the transportation of passengers over the public streets of the city, operated at rates per mile, per destination, per capita for waiting time or for a combination of any two of the aforementioned rates, irrespective of whether or not the operations extend beyond the limits of the city, and which is made available for hire on call or demand, at taxi stands, by telephone or along a defined fixed route as authorized by the city manager.

9.52.110. Limitation on total number of motor vehicles for hire - City council authority.

The city council shall determine the number of automobiles for hire and tour ve-

hicles to be operated in the city. There shall be no limit on the number of taxicabs to be operated in the city of Berkeley.

9.52.120. Operator's application -- Approval required.

No person shall engage in the business of operating any taxicab, automobile for hire or tour vehicle within the city without first having an operator's application approved by the department of finance, except as otherwise provided in Section 9.52.210 of this chapter. All persons applying for approval to operate shall file with the department of finance a sworn application on forms provided by the department of finance.

9.52.130. Operator's application -- Filing fee.

There shall be a fee of one hundred dollars for the filing of the application required by Section 9.52.120.

9.52.140. Operator's application -- Information required.

The application referred to in Section 9.52.120 shall set forth the following information:

- A. The name and address of the owner and person applying;
- B. The number of vehicles actually owned and the number of vehicles actually operated in the city by the applicant and owner on the date of application, if any;
- C. The number of vehicles the applicant and owner wishes to operate in the city;
- D. The intended make, type, year of manufacture and passenger-seating capacity of each motor vehicle for which such application is made;
- E. The make and type of taximeter intended to be installed on each taxicab for which application is made;
- F. A description of the proposed color scheme, insignia, trade style and/or any other distinguishing characteristics of the proposed taxicab design.

9.52.150. Operator's application -- Investigation by department of finance.

Before any application is acted upon the department of finance shall make an investigation on the following:

- A. The financial responsibility and experience of the applicant;
- B. The number, kind and type of equipment and color scheme to be used.

9.52.160. Operator's application -- Approval or denial.

After investigation by the department of finance an operator's application shall be approved or denied by the director of finance.

9.52.170. Operator's application -- Appeal following denial -- Procedures.

If an application is denied by the director of finance for any reason other than a limitation set by the city council, the applicant may, within ten days after said denial, request that the denial be reviewed by the city manager. The city manager shall conduct a hearing upon five days' notice to the applicant and the director of finance, and after such hearing shall either approve or deny said application. The decision of the city manager shall be final.

9.52.180. Daily operation required -- Approval to operate revoked when.

Every approved operator under the provisions of this chapter shall regularly and daily operate his or her motor vehicle business to the extent reasonably necessary to meet the public demand for such service. Upon abandonment of such motor vehicle service for a period of ten consecutive days by an operator, the director of finance may conduct a hearing upon five days' notice to the operator and, unless good and sufficient cause for such abandonment is evidenced, revoke license approval to operate granted under the terms of this chapter.

9.52.190. Approval to operate -- Suspension and revocation authorized when -- Appeals.

The director of finance shall have the power to suspend and/or revoke approval to operate a taxicab, automobile for hire or tour vehicle for a violation of any of the provisions of this chapter or any ordinance relating to traffic or use of streets, or for failure to pay any judgment for damages arising from unlawful or negligent operation of the public motor vehicle for which approval was granted. Any person whose approval to operate has been suspended or revoked by the director of finance may appeal this decision to the city manager. The appeal procedure shall be that set forth in Section 9.52.170 of this chapter.

9.52.200. Approval to operate -- Cancellation required when.

After the service for which approval to operate is granted hereunder is discontinued, or if the operator sells or discontinues his or her business, the approval granted hereunder shall be automatically and immediately cancelled and shall be reissued only in accordance with the provisions of this chapter.

9.52.210. Vehicles -- Licensing and registration requirements.

- A. All motor vehicles operated as taxicabs, automobiles for hire or tour vehicles within the city shall be properly licensed with the department of motor vehicles of the state, and in the event that the laws governing the licensing of commercial vehicles shall apply, all such vehicles shall be so licensed before being used as taxicabs, automobiles for hire or tour vehicles.
- B. All vehicles operated as taxicabs shall be registered under the firm name or the name of the individual to whom approval to operate is issued.

9.52.220. License -- Required -- Posting for inspection.

Every owner engaged in the business of operating motor vehicles for hire must procure and pay the license fee as prescribed by the business license ordinance, Ordinance 2805-N.S., codified in chapter 9.04, except as otherwise provided in

Section 9.52.700. The license shall be posted in a conspicuous place in the vehicle to be available for inspection.

9.52.230. License tag or sticker required.

Every motor vehicle so licensed shall have attached to the left rear bumper a tag or sticker issued by the finance department in accordance with the provisions of the business license ordinance. It shall be the responsibility of the police department to enforce the provisions of this section.

9.52.240. Limitations on number of licenses per owner.

No owner shall hold more than twenty-five licenses for vehicles to be operated in the city. In emergencies, vehicles not exceeding twice the number of licenses so held may be operated by approved owners holding proper licenses. The use of an increased number of vehicles shall be approved by the director of finance after investigation has been conducted into the situation or condition establishing such an emergency condition, and no owner shall operate additional vehicles without the approval of the director of finance.

9.52.250. Motor vehicle liability policy -- Required.

It is unlawful for any owner to drive or operate or cause or permit to be driven or operated, any taxicab, automobile for hire or tour vehicle in the city unless such owner shall have placed on file with the city clerk a motor vehicle liability insurance policy, covering each such taxicab, automobile for hire or tour vehicle, issued by a solvent corporation holding a certificate of authority to do insurance business in the state, which policy shall conform in all respects to the requirements of Section 9.52.260.

9.52.260. Motor vehicle liability policy.

The motor vehicle liability policy required under Section 9.52.250 shall insure the owner, and any other person using or responsible for the use of any such vehicle, with the consent, expressed or implied, of such owner, against loss from the liability imposed upon such owner by law for injury to, or death of any person, or damage to property growing out of the maintenance, operation or ownership of any taxicab or automobile for hire, to the minimum amount or limit of one hundred thousand dollars exclusive of interest and costs, on account of injury or death of any one person, and, subject to the same limit as respects injury to or death of one person, of three hundred thousand dollars exclusive of interest and costs, on account of any one accident resulting in injury to or death of more than one person, and of twenty-five thousand dollars for damage to property of others, resulting from any one accident.

9.52.270. Motor vehicle liability policy -- Presentation and approval required -- Approval to operate cancelled for insufficiency when.

Every certificate required under the provisions of Section 9.52.250 shall certify that the motor vehicle liability policy or policies therein shall be a continuing liability up to the full amount thereof notwithstanding any recovery thereon, and said certificates thereof shall so certify. All motor vehicle liability policies and all certificates thereof shall be subject to the approval of the city manager in any and all matters and if at any time, in the judgment

of the city manager, the motor vehicle liability policies are not sufficient for any cause, the city manager may require the operator of such taxicab, automobile for hire or tour vehicle who filed the same to replace said motor vehicle policies within ten days with other policies in accordance with the provisions of this chapter. If the operator fails to replace said motor vehicle policies within said ten-day period with good and sufficient policies as aforesaid, then at the termination of such period the approval to operate issued hereunder shall be by said failure automatically suspended until such time as said requirement is complied with, and the director of finance shall enforce such suspension. Such certificate of insurance shall be presented to the city attorney for approval as to form.

9.52.280. Surplus lines insurance -- Certificate of authority to do business in state.

A. If the insurance company issuing such policy of insurance does not hold a certificate of authority issued by the insurance commissioner of the state of California to do business in the state, such certificate shall have endorsed thereon an endorsement executed by the company issuing such policy, which endorsement shall be substantially as follows:

It is agreed that in the event of dispute as to the validity of any claim made by the assured under this certificate of insurance, or in the event of any suit instituted by the assured against the company upon this contract, the company hereon will submit to the jurisdiction of the courts of the state of California, and will comply with all legal requirements necessary to give such courts jurisdiction, and for this purpose said company hereby appoints..... at..... Street,, California, its agents for the purpose of service of process; and in any suit instituted by the assured against the company upon this contract, the company will abide by the final decision of the courts of said state and settle accordingly.

B. Before any policy of insurance with Lloyd's of London will be accepted, the following conditions must be complied with:

1. Documentary evidence must be filed with the city clerk that all of the Lloyd's underwriters have appointed agents to bind them (the underwriters) on insurance policies to be submitted to the city.
2. Documentary evidence must be filed with the city clerk showing that all underwriters accepting percentages of insurance in California have authorized some person to accept service of process on their behalf, so that a judgment may be obtained in this state against the various underwriters.

9.52.290. Endorsement of policies and certificates -- Form.

Every policy and every certificate of motor vehicle liability insurance filed with the city in conformity with the provisions of this chapter shall contain the following endorsement:

"It is hereby understood and agreed that, notwithstanding expressions inconsistent with or contrary thereto in this policy contained, the policy is specifically issued to cover a motor vehicle as defined in Section 9.52.050 of the Berkeley Municipal Code. This policy shall

inure to, and be for the benefit and protection of, anyone who shall sustain any damages or injury, or to the heirs, personal representatives, administrators, executors or assigns of any such person who may be so damaged or injured or suffer death by reason of the operation of the motor vehicle or from the defective condition thereof. Liability under this policy shall be in no manner abrogated or abated by the death of the tortfeasor or the insured. This is a continuing liability up to the full amount hereof, notwithstanding any action or recovery thereon. No cancellation or reduction in coverage of this policy for any reason whatsoever shall become effective until the expiration of ten days after written notice of such cancellation or reduction in coverage shall have been given to the city clerk of the city of Berkeley, said period of ten days to commence to run from the date said notice is actually received at the office of the city clerk.

9.52.300. Self-insurance -- Conditions.

Any operator who shall maintain at all times a trust fund of three hundred thousand dollars on deposit in a bank in Alameda county shall be qualified as a self-insurer and shall not be subject to other provisions of this chapter requiring public motor vehicle liability insurance. The terms and conditions of the trust agreement must be approved by the city manager. Such fund shall be available at all times for payment of any final judgment which may have been rendered against such operator for injuries to or death of persons or damage to property arising out of such operators public motor vehicle operations in this city. Failure to continuously maintain such deposit in the full amount shall cause immediate suspension of approval to operate. Said depository shall agree in writing to promptly notify the city of the failure of such operator at any time to maintain such deposit at the full amount of three hundred thousand dollars.

9.52.310. Permit -- Required.

No taxicab driver or operator shall operate a taxicab within the limits of the city unless a proper taxicab stand permit has been issued. Taxicab stand permits, as in this chapter provided, shall be issued by the department of finance only after approval for taxicab stand permit has been granted, except as otherwise provided in Section 9.52.700 of this chapter.

9.52.320. Permit -- Application and issuance.

Application for taxicab stand permits shall be made to the department of finance. When it has been determined that the applicant has conferred with persons in front of whose property he or she desires to establish such taxicab stand, proper application forms may be issued to him or her.

9.52.340. Fee per year.

A taxicab stand fee of two hundred dollars per year shall be paid by the holder of a taxicab stand permit for each parking space covered by the permit which is located within any parking meter zone. This fee shall be paid for each such taxicab stand and shall be paid in advance to the department of finance before the first day of each year.

9.52.380. Unemployed cabs to be parked at stands.

No owner shall permit any taxicab operated by him or her, and no driver shall cause any such taxicab, to stand or park while awaiting employment at any place other than a stand for which a permit has been granted as herein provided or at a general taxicab stand as specified in Section 9.52.360.

9.52.400. Unattended vehicles prohibited when.

No owner shall permit any taxicab operated by him or her, and no driver shall cause any such vehicle, to be parked unattended in any taxicab stand for a period of time exceeding five minutes.

9.52.410. Taxicab color scheme -- Adoption, use and filing required.

Every owner operating a taxicab in the city shall adopt and file with the director of finance a characteristic color scheme and shall use the same on all vehicles operated by said owner. The color scheme adopted by any owner shall not be used by any other owner.

9.52.420. Taxicab signs.

Every taxicab operated in the city shall have painted upon each side and the rear of said taxicab the name of the owner or the fictitious name under which the owner operates, together with the owner's identification number. The lettering of same, and all signs to be displayed on any taxicab, shall be subject at all times to the approval of the director of finance.

9.52.430. No change in distinctive features without written permission.

No change whatever in the color scheme or distinguishing characteristics of any taxicab shall be made without written permission from the director of finance.

9.52.440. Types of service to be provided.

A taxicab is authorized to provide the following types of services:

1. Exclusive ride.
2. Shared ride.
3. Fixed route.

"Exclusive ride" shall mean exclusive use of a taxicab by one or more passengers at a time.

"Shared ride" shall mean non-exclusive use of a taxicab by two or more unrelated passengers, traveling between different points of origin and/or destination and traveling in the same general direction.

"Fixed route service" shall mean the operation of a taxicab or cabs over a defined route during defined periods of time for the use of related or unrelated passengers, with deviation of up to 1/8 mile on either side of that route being

permitted at the request of a passenger or passengers. An operator who wishes to provide fixed route service shall apply to the city manager for authorization to serve a defined route. Such application shall be in writing and describe the fixed route, the hours of operation, the number of cabs to be assigned to the route and the fare to be charged. The city manager will review the application and make findings as to target markets areas to be served, and impacts on other transportation providers. The city manager will also solicit comments from AC Transit which shall have thirty days to comment on an application and a concurrent thirty days to claim exclusive right to initiate comparable service, provided such service can be implemented within ninety days. Upon approval of a fixed route by the city manager, the permit-holder shall display a representation of the route or a sign listing the major destination points of the route on each side of the taxicab in letters large enough to be easily read by potential customers. If a permit holder wishes to alter his or her fixed route by more than $\frac{1}{4}$ mile, he or she must reapply under the process herein described.

9.52.450. Passengers not to ride with driver -- Exceptions.

All persons other than the driver shall ride in the passenger compartment of the taxicab, automobile for hire or tour vehicle, except passengers who are physically disabled and, by reason thereof, are unable to get into the passenger compartment or have extreme difficulty in doing so, and except where there are more passengers than can be accommodated in such compartment, or where it is necessary to have someone with the driver in connection with the normal operation of the taxicab, automobile for hire or tour vehicle.

9.52.460. Flag loads permitted when.

Flag loads may be picked up at any location within the city except on a taxicab stand operated by another person or firm and when occupied by a taxicab operated by such person or firm, or when it is apparent that the prospective fare has already phoned for a taxicab operated by another person or firm and is waiting for such taxicab to arrive.

9.52.470. Solicitation of fares permitted when.

Solicitation of fares is permitted in the immediate vicinity of the owner's or driver's taxicab stand and in such areas as are declared open to solicitation by all properly licensed taxicab owners or drivers in Section 9.52.360. Solicitation in the immediate vicinity of taxicab stands of another person or firm is forbidden, and such violation may cause the stand or driver's permit held by the offender to be revoked.

No driver of any taxicab, automobile for hire or tour vehicle shall seek employment by repeatedly driving his or her vehicle to and fro in a short space in front of, or by otherwise interfering with the proper and orderly access to or egress from any theater, hall, hotel, railway or other place or public gathering; or, by leaving his vehicle or otherwise, approach and solicit patronage by pedestrians upon sidewalk, in any theater, hall, hotel, railway, or street-railway loading point.

9.52.480. Driver to use direct route.

The driver of a taxicab or automobile for hire employed to carry passengers to a definite point shall take the most direct route possible that will carry the passengers safely, lawfully and expeditiously to said destination.

9.52.490. Light baggage to be conveyed in motor vehicle without charge.

Persons hiring a motor vehicle shall be entitled to have such valises, small hand baggage, or wheel chairs as can be conveniently carried within the vehicle loaded, conveyed and unloaded without charge.

9.52.500. Illumination of passengers' compartment.

Every motor vehicle for hire shall at all times be equipped with a light of not less than two candlepower within such vehicle, so arranged as to illuminate the entire passenger compartment, which light shall be kept constantly lighted at all times while any passengers are being loaded into or unloaded from any such vehicle for one-half hour after sunset of any day until one-half hour before sunrise of the next day, and no shades or blinds shall be drawn over the windows of any such vehicle while the same is occupied.

9.52.510. Rates -- Filing required -- Changes prohibited without permission.

Every owner of any taxicab or automobile for hire operating in the city shall file or cause to be filed with the director of finance a true and correct statement of the rates to be charged for the transportation of passengers in any and all taxicabs or automobiles for hire operated by said owner, and such owner shall not change or modify said rates in any manner without the written permission of the director of finance and without filing said modified or changed rates with the director of finance. Rates on file may be changed only during January and June of each year.

9.52.520. Exclusive and shared ride rates designated.

It is unlawful for the owner or driver of any taxicab to demand or charge for such service an amount more than the following rates:

- A. Flag drop, per mile and per minute of waiting or traffic delay time no more than those rates filed with the director of finance as specified in Section 9.52.510 above.
- B. On trips extending more than twenty miles beyond city limits, a surcharge of an additional one-half of the meter may be added to the fares.
- C. Trips to San Francisco Airport, Oakland Airport or other specific designations as requested by the operator may be charged according to a flat rate filed with the director of finance as described in Section 9.52.510 above.

9.52.530. Fixed route rates.

- A. For fixed route service the permit holder and/or driver of a taxicab shall charge a per capita rate in accordance with such rates as the permit holder has filed in writing with the director of finance. Such rates shall be

filed at the time a permit holder submits a description and map of a requested fixed route.

- B. Rates on approved fixed routes may be changed in January and June of each year by filing said changes with the director of finance.
- C. No permit holder shall charge any rate for fixed route services unless said rates are on file with the director of finance as aforesaid and fully displayed on a door on both sides of the taxicab in letters of a size easily read.

9.52.540. Rates -- Maximum and minimum for automobiles for hire service.

It is unlawful for the owner or driver of any automobile for hire to demand or charge for such service any amount greater or less than the rates hereinafter set forth:

- A. Maximum fare: Four dollars per hour or forty cents per mile, whichever is the greater, and the hourly rate shall be computed in fractions of one-half hour;
- B. Minimum fare: Two dollars per hour or twenty cents per mile, whichever is the greater, and the hourly rate shall be computed in fractions of one-half hour. The minimum charge for automobile for hire service shall be at the rate for one-half hour.

9.52.550. Owner's identification and rates to be displayed in vehicle.

Every taxicab and automobile for hire shall have conspicuously displayed in full view of the passenger or passengers a card not less than two inches by four inches in size, which shall have stated thereon the name of the owner, or the fictitious name under which the owner operates, together with the business address and telephone number of the business, and the owner's identifying number of such vehicle, and also the rates of fare to be charged for the use of such vehicle. Rates of fare are also to be conspicuously displayed on the passenger door of the taxicab in sufficiently large print so that the rates will be legible from the curb. Any driver of a taxicab or automobile for hire shall give the number of his or her vehicle on the inquiry of any person.

9.52.560. Taximeter -- Required when -- Installation and operation.

It is unlawful for any person to drive or operate, or engage in the business of operating a taxicab or taxicabs, unless each of said taxicabs be equipped with a taximeter in good operating condition. Every taximeter shall be installed at the right side of the taxicab or the partition separating the driver from the passenger compartment. The reading face of the taximeter shall at all times be well lighted and distinctly readable to the passengers within the taxicab. It is unlawful to change the size of the wheels or tires of any taxicab or the gears operating the taximeter.

9.52.570. Taximeter -- Flag use restrictions.

No driver of a taxicab while carrying passengers shall display the flag

attached to the taximeter in such a position as to denote that such vehicle is not employed, or throw the flag of the taximeter in a recording position when such vehicle is not actually employed, or fail to start operation of the taximeter at the beginning of an exclusive or shared ride trip, or fail to stop the operation of the taximeter at the termination of each and every service.

9.52.580. Charges -- To be as indicated on taximeter.

All exclusive and shared ride charges for transportation of passengers in taxicabs operated in the city must be as indicated on the taximeters installed in said taxicabs.

9.52.590. Charges -- Deduction for time vehicle is disabled.

In the event any taxicab, automobile for hire or tour vehicle shall, while under exclusive and shared ride service, become disabled or break down, without fault of the passenger, the time of stoppage shall be deducted from the charge made.

9.52.600. Charges -- Receipt for payment provided when.

Every driver shall, if requested, give a correct receipt upon payment of the correct fare.

9.52.610. Taximeter -- Manipulation prohibited.

It is unlawful for any owner or driver of any taxicab to manipulate or cause to be manipulated the taximeter so as to cause a registration to be made of more time or greater distance than the correct amount of time and distance for the particular trip.

9.52.620. Misrepresentation and impersonation in solicitation of fares prohibited.

It is unlawful for any person soliciting patronage for any taxicab to represent by word or sign or hatband or insignia or badge or by his or her manner of style of dress, that the vehicle for which he or she is soliciting such patronage is a vehicle owned or operated by a person, firm or corporation other than the one who actually owns and operates such vehicle. It is unlawful for the driver of any taxicab, or for any person soliciting patronage for any taxicab to induce or attempt to induce any person to employ him or her by knowingly or wantonly misinforming or misleading such person as to the time or place of the arrival or departure of any railroad train or other conveyance, or the location of any railroad depot, office, station or ticket office, or the location of any hotel, public place or private residence within the city, or to practice any deceit, fraud or misrepresentation in any manner whatever relative to matters pertaining to his or her business.

9.52.630. Interference with drivers or agents prohibited.

It is unlawful for any runner or soliciting agent or driver of any taxicab, automobile for hire or tour vehicle to scuffle or crowd about or interfere with any other runner, soliciting agent or driver with whom any person is negotiating or inquiring about transportation.

9.52.640. Disorderly conduct prohibited.

It is unlawful for the driver, solicitor or runner of any taxicab, automobile for hire or tour vehicle at any time or place when waiting for or engaged in his or her employment, to obstruct any street or sidewalk; make any loud or unusual noise, disturbance or outcry; use any indecent, profane or obscene language, or be guilty of any boisterous or loud talking, or any disorderly conduct or to harass, vex, annoy, or disturb any person; or to interfere with, obstruct, or impede the free passage of passengers or other persons to or from any depot, theater, hall, hotel, train or depot grounds; or to seize, or grasp, or interfere with any person or any baggage carried by or belonging to said passengers or persons; or while soliciting employment to stand on any public street or place other than at a designated public stand.

9.52.650. Lost property -- Report and recordkeeping required.

All property of value found by taxicab, automobile for hire or tour vehicle owners or their employees in the vehicles operated by said owners, or delivered to them by any person who has found such property, shall be reported to the police department within forty-eight hours, unless such property shall have been claimed by and returned to the rightful owner within twenty-four hours. Every owner shall keep a record of all such property.

9.52.660. Service -- Denial of.

It shall be unlawful for the driver or owner of any taxicab to refuse a prospective fare or to take any action to actively discourage a prospective fare solely on the basis of race, creed, color, age, sex, sexual orientation, national origin, or physical disability.

9.52.670. Refusal or inability to pay fare prohibited.

It is unlawful for any person to refuse to pay the legal fare of any of the motor vehicles regulated by this chapter, after having hired the same, or to hire such vehicles unless the person so doing actually possessed the money with which to pay his or her fare, or will be able to obtain it at the termination of the trip, and any person who shall hire any vehicle herein defined with the intent to defraud the person from whom it is hired shall be punishable as provided in this chapter. This section shall be enforced by the police department.

9.52.680. Waybills -- Information required -- Examination authorized when.

A. The driver of every taxicab or automobile for hire shall keep a separate waybill of every service rendered by such driver, which waybill shall include the following information:

1. Location where passengers entered vehicle;
2. Time of entry;
3. Number of passengers;
4. Location where passengers were discharged;
5. Amount of fare collected.

B. The owner of every taxicab or automobile for hire shall keep said waybills in his or her office files for a period of ninety days after date of service rendered, and the same shall at all convenient times be open to examination by any authorized representative of the city. The falsifying of any waybill by an owner or driver shall be grounds for revocation of his or her permit.

9.52.690. Additional vehicles permitted when.

Any owner operating one or more motor vehicles for hire or tour vehicles as provided in this chapter who desires to add to the number of such vehicles shall do so only upon obtaining a license and sticker or tag from the department of finance.

9.52.700. Taxicabs from other municipalities permitted when.

The driver of a taxicab authorized to operate in any municipality other than the city of Berkeley may transport passengers from such municipality to a destination within or beyond the city limits of the city of Berkeley, provided that the driver of such taxicab shall not seek or accept passengers within the city of Berkeley.

9.52.710. Vehicles -- Recordkeeping requirements.

Each taxicab, automobile for hire or tour vehicle operator shall keep a record of all vehicles operated and shall maintain at all times a complete and accurate record of all drivers employed, which shall show in detail the names and addresses and the dates of beginning and termination of employment of the drivers, the vehicle driven by each driver, and the hours during each day and night worked by each driver. Such records shall be displayed to the police department or department of finance at any time upon demand, and shall not be destroyed without permission of the chief of police or director of finance.

9.52.720. Vehicles -- Operation when in unsafe or unsanitary condition prohibited.

It is unlawful for any operator or driver to operate or cause to be operated any motor vehicle for hire or tour vehicle while the same or any of the equipment used thereon or therewith shall be in a defective, unsafe or unsanitary condition. This section shall be enforced by the police department.

9.52.730. Inspection -- Requirements for.

Before a license is issued to a vehicle, the vehicle for which the license is requested shall be delivered to a place designated by the director of finance for inspection. The director of finance or the chief of police will designate agents to inspect such vehicle and its equipment to ascertain whether such vehicle complies with the provisions of this chapter. Any vehicle which is found after such inspection to be unsafe or in any way unsuitable for service may be immediately ordered out of service, and before again being placed in service shall be placed in a safe condition, inspected and approved by the chief of police. The interior and exterior of any vehicle shall be cleaned and well maintained and meet California vehicle code requirements and the requirements of this chapter at all times when in operation.

9.52.740. Vehicles -- Inspection authorized when.

The chief of police or director of finance, or any authorized employee of their departments, shall have the right at any time, after displaying the proper identification, to enter into or upon any licensed motor vehicle for hire for the purpose of ascertaining whether or not any of the provisions of this chapter are being violated.

9.52.750. Fees -- Disposition.

All fees paid as provided in this chapter shall be deposited in the general fund of the city.

Section 2. That two new sections are hereby added to the Berkeley Municipal Code to be numbered 9.52.760 and 9.52.770 and to read as follows:

9.52.760. Revocation of ownership approval to operate taxicab stand permit, license or sticker authorized when -- Appeals.

Violation of the ordinances of the city or the laws of the state by any operator or driver may be considered sufficient grounds for revocation by the director of finance of the approval to operate the taxicab stand permit, or city license and sticker, as the case may be. Conduct on the part of any owner, operator or driver which is not conducive to proper service to the public or to proper relationship with any competitor, owner or driver may be considered proper grounds for revocation by the director of finance of the ownership approval, owner's taxicab stand permit, or city license and sticker. The decision of the director of finance may be appealed to the city manager by the person whose ownership approval, permit, license or sticker has been revoked. The appeal procedure shall be that set forth in Section 9.52.170 of this chapter.

9.52.770. Violation -- Penalty.

It is unlawful for any person to violate any provision or to fail to comply with any of the requirements of this chapter. Any person violating any provision of this chapter shall be deemed guilty of a misdemeanor and, upon conviction, thereof, shall be punishable as set forth in Chapter 1.20 of this code.

Section 3. Copies of this Bill are hereby ordered published by posting with the vote thereon for two (2) days at the ten (10) prominent places in the City of Berkeley as designated by Chapter 1.08 of the Berkeley Municipal Code.

Approved as to form:



Acting City Attorney

APPENDIX C
REPORT OF NEW TECHNOLOGY

A thorough review of the work performed under this contract has revealed no significant innovations, discoveries, or inventions at this time. In addition, all methodologies employed are available in the open literature. However, the findings in this document do represent new information and should prove useful throughout the United States in designing and evaluating future transportation demonstrations.

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